

U.S. Plans Japan Trade Surplus New Aid to Falls for 4th Month

Shultz Renews Support for a Peace Accord

By John M. Goshko

Washington Post Service

WASHINGTON — Secretary of State George P. Shultz said Thursday that President Ronald Reagan would ask Congress for \$270 million to provide the Nicaraguan rebels with military and other aid over a 18-month period after current aid expires at the end of this month.

In testimony before the Senate Foreign Relations Committee, Mr. Shultz asserted a need to "end the doubt and uncertainty" about U.S. support for the rebels, also known as contras.

At the same time, he said the administration would continue efforts to reach a diplomatic solution in Central America. He said a regional peace plan approved Aug. 7 had "many positive aspects."

He said the aid request would be made until after the contras' present \$100 million in U.S. aid expires on Sept. 30.

But in the face of repeated calls by Democratic members of the committee to hold the request until the peace process among five Central American countries is concluded, Mr. Shultz refused to say when the administration was likely to act.

He also denied that sending the request to Congress before Nov. 7, the deadline set by the Central American governments for beginning a cease-fire and making progress toward democratic reforms, would jeopardize chances for the accord.

Instead, Mr. Shultz insisted that enabling the contras to maintain their military strength would put pressure on Nicaragua's government.

See CONTRA, Page 2.

Compiled by Our Staff From Dispatches

TOKYO — Japan's merchandise trade surplus narrowed in August for the fourth consecutive month, mainly because of a large increase in imports.

The U.S. dollar, which has been pulled down by Japan's large trade surplus with the United States, strengthened on the report.

The Finance Ministry said Thursday that Japan's unadjusted trade surplus fell to \$5.15 billion in August 1986, a decline of 31.1 percent. The numbers do not take into account seasonal fluctuations in trade.

Officials noted, however, that the fall in the surplus was due more to increased imports than to particular strength in exports and that the increase in imports was mainly caused by higher oil prices.

Imports in August were up 32.9 percent from August 1985 to \$12.43 billion, the sharpest year-to-year increase since July 1980. Oil imports averaged \$18.20 a barrel in August, compared with \$10.33 in the same month of 1985, the Finance Ministry said.

Exports increased a low 4.4 percent to \$17.58 billion. A continued decline in the growth of exports was also a contributing factor to the narrower surplus, the officials said.

Japan's surplus was down from \$6.99 billion in July. Imports fell 3.8 percent from \$12.91 billion in July and exports dropped 11.7 percent from \$19.91 billion.

The surplus with the United States fell to \$3.73 billion from \$4.41 billion a year earlier, a ministry official said. The surplus with the United States had been \$4.79 billion in July.

Exports to the United States dropped 1.6 percent from a year earlier to \$6.59 billion in August, while imports climbed 27.5 percent to \$2.66 billion, the ministry reported. The officials attributed the decline in the surplus with the United States to the continued

drop in exports of Japanese cars and the big rise in imports of lumber and aircraft from the United States during the month.

The appreciation of the yen against the dollar and other currencies has made Japanese goods more expensive overseas and slowed the pace of export growth.

The dollar has dropped by about

40 percent against the yen since September 1985, when the major industrialized nations agreed to guide the U.S. currency lower to help the United States regain international competitiveness and cut its trade deficit.

Japan is responsible for much of the overall U.S. trade deficit, and a Japanese economist said his bank forecast that half of 1987's U.S. trade deficit would be brought on by Japan.

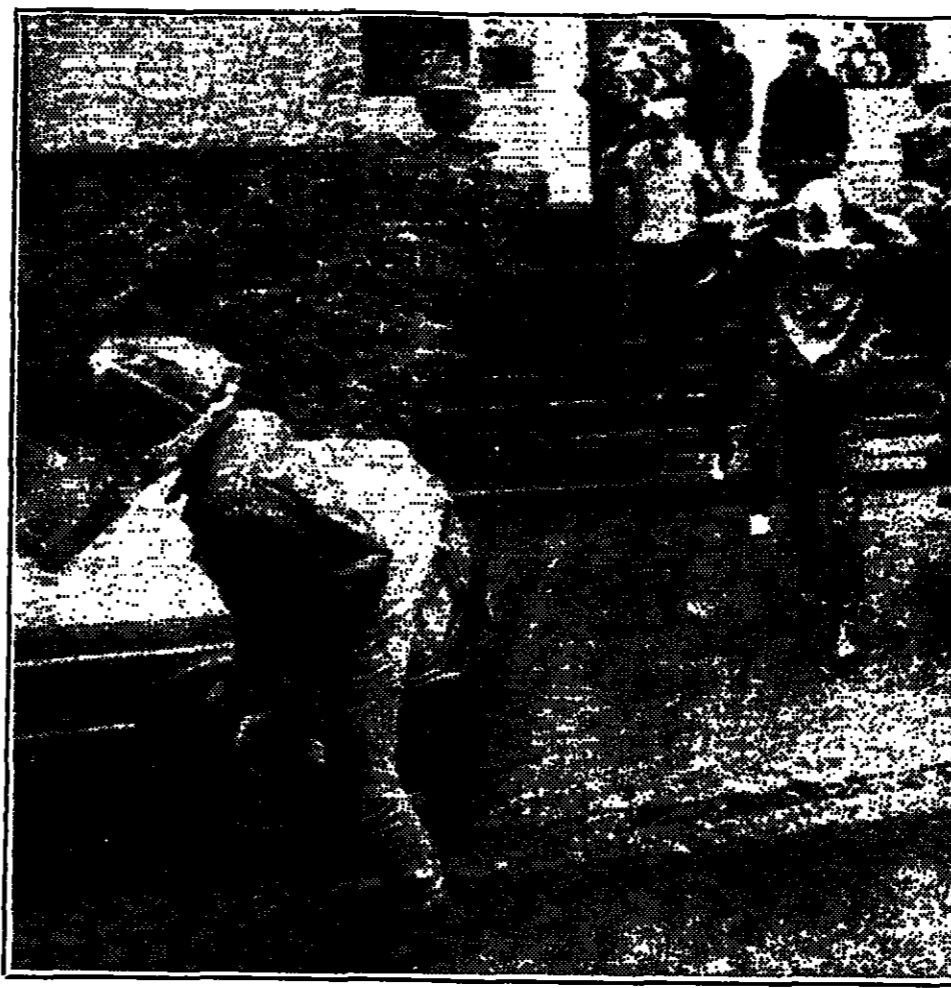
Foreign-exchange markets have been expecting the United States to report a merchandise trade deficit for July of as much as \$18 billion when it releases the data on Friday. The deficit was \$15.7 billion in June.

Anticipation of such a huge deficit has undermined the dollar, which had threatened to slip below 140 yen, although this pessimism may have abated to some extent, dealers said.

The dollar gained Thursday, as traders saw in the Japanese trade figures some hope that the U.S. deficit may not be as large as they feared. The dollar closed in New York at 142.450 yen, up from 141.975 at Wednesday's close, and at 1.8053 Deutsche marks, up from 1.8025 (Story, Page 16).

The extremely bearish sentiment which has been prevailing in the market may have moderated somewhat, said Susumu Takemoto, senior economist for the Industrial Bank of Japan.

(AP, Reuters)



Iranian dissidents who briefly occupied their embassy in Oslo on Thursday left the mission with bags over their heads to prevent identification after they had surrendered to police.

Iranians Abroad Protest Islamic Rule

Compiled by Our Staff From Dispatches

OSLO — Iranian dissidents occupied or attacked Iranian offices in Norway, France and West Germany on Thursday in protest against the Islamic government of Ayatollah Ruhollah Khomeini. Three injuries were reported.

In addition, a bomb blew a hole in the front of the Kuwait-French Bank in Paris early Thursday in the second attack on an Arab bank in the city this week. There was no immediate claim of responsibility.

Eleven assailants surrendered after occupying the Iranian Embassy in Oslo for more than two hours and injuring three persons, Norway's national news agency, NTB, reported. Banners outside the seized embassy had initials that appeared to identify the group as the Organization of the Guerrillas of the People's Fedayin of Iran.

In Paris, protesters shattered windows at the Iran Air offices on the Avenue des Champs-Élysées, police said. They left behind tracts denouncing the Iranian government.

The group, virtually

wiped out in Iran, maintains a network of student supporters in Europe.

Protesters in Frankfurt and Paris said they belonged to the same organization. They said they carried out the attacks in support of political prisoners in Iran.

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See IRAN, Page 2.

Iran Attacks Gulf Tanker; Iraqi Air Raids Said to Kill 61

Compiled by Our Staff From Dispatches

MANAMA, Bahrain — Iraqi warplanes bombed industrial centers in Iran and an Iranian speedboat rocketed a supertanker Thursday, the day before UN Secretary-General Javier Pérez de Cuellar was to begin a Gulf peace mission.

Iran said 61 civilians were killed or wounded in the Iraqi raids. Iraq said 19 persons were killed by retaliatory Iranian shelling.

Mr. Pérez de Cuellar left New York on Thursday. After an overnight stop in Paris, he is due in Baghdad on Friday, before traveling to Tehran.

He said he remained hopeful that his weeklong mission would bring a truce in the Gulf War.

Meanwhile, Iraq and Libya issued a joint statement Thursday in Baghdad indicating an end to Libya's support for Iran in the seven-year war between Iran and Iraq.

The statement declared that the continuation of the war "represents a dangerous threat to peace in the region and wastes the Arab and Islamic energies."

The official Iraqi News Agency quoted a war communiqué Thursday as saying that "large formations" of warplanes made "destructive raids" on factories, power plants and communications centers "deep inside Iranian territory."

It said all aircraft returned safely from the attacks in western Iran on Shahabad, Garand, Maragha, Doroud and Bakhtar, formerly called Kermanshah.

Iran's Islamic Republic News Agency said Iraqi jets killed 25 civilians in Doroud, and another 36 in Amirabad.

Official Tehran radio said Revolutionary Guards shelled the airport, railroad station, television station and military garrisons in the southern Iraqi port city of Basra through the night and morning, causing "heavy damage."

The radio said military installations in Iraq's southern port of Umm Qasr also were shelled.

Iraqi communiques said Iranian artillery also bombarded the northern city of Sulaimaniyah, killing 11 civilians and wounding others. They reported eight civilians killed in Basra.

Reports from the salvage executives said the 232,164-ton Herson was hit by grenade and machine-gun fire shortly after midnight in the southern Gulf, off the United Arab Emirates.

Lloyd's Shipping Intelligence Unit in London said the attack may have come from an Iranian frigate firing a 4.5-inch gun, followed by machine guns.

Attacks by Iranian speedboats had been expected since Iraq ended a three-day recess in the war on shipping with attacks Tuesday night near Iran's Kharg Island oil export terminal.

The Security Council had requested a suspension of attacks in the Gulf during Mr. Pérez de Cuellar's visit.

He is to spend two days in Tehran meeting with President Ali Khamenei, Foreign Minister Ali Akbar Velayati and Hashemi Rafsanjani, speaker of Iran's parliament, before flying to Baghdad.

(AP, Reuters)

Pope Arrives in Miami At Start of 2d U.S. Tour

The Associated Press

MIAMI — Pope John Paul II, arriving here Thursday for an 11-day tour of the United States, told thousands who greeted him: "I come as a friend, a friend of America and of all Americans — Catholics, Orthodox, Protestants and Jews, people of every religion, and all men and women of good will."

John Paul arrived to "spell out once again the message of human dignity" and deal openly with mounting dissent among American Catholics.

"I come as one who already knows you and loves you," the pope told President Ronald Reagan and a throng of his 1,500 dignitaries on hand for his arrival at Miami International Airport.

"As you know, we will listen," Mr. Reagan told John Paul. "For with all our hearts, we yearn to make this good land better still."

The pope, making his second visit to the United States and the 36th foreign trip of his papacy, heard Mr. Reagan tell him:

"In Poland, you experienced Nazism and Communism. As pope, you suffered a terrorist attack that nearly claimed your life."

"Still you proclaim that the central message of time — that the central message of all time — is not hatred but love."

In his arrival address, the pontiff said: "I come as a friend of the poor and the sick and dying, those who are struggling with the problems of each day; those who are rising and falling and stumbling on the journey of life; those who are seeking and discovering, and those not yet finding, the deep meaning of 'life, liberty and the pursuit of happiness.'"

The pope appealed to "Americans who have received so much in freedom and prosperity and human enrichment to continue to share all this with so many brothers and sisters throughout the other countries of the world who are still waiting and hoping to live according to standards worthy of the children of God."

Comments on Waldheim

Aboard the plane taking him to Miami, the pope said that homosexuals were not outcasts from the church and expressed deep concern over the spread of AIDS, Reuters reported.

John Paul also defended his meeting in June with President Kurt Waldheim of Austria which provoked widespread Jewish anger.

On homosexuals, the pope declared: "They are not outcasts, the homosexuals. Like all people who suffer they are inside the church. Not inside the church, they are in the heart of the church."

The Vatican aroused anger last year when it issued a document calling homosexual acts "an intrinsic moral evil."

The pope was asked whether it had been a mistake to meet Mr. Waldheim, whose World War II record in the Nazi German Army has aroused controversy.

John Paul replied: "No. It was necessary. It's necessary to show the same appreciation, the same esteem, for every people. He came as a president, democratically elected, of a people."

An effort to deal with the losses



President Ronald Reagan smoothing the pope's wind-swept robe after John Paul's arrival Thursday at the Miami airport.

Klosk

British Fans Are Charged

BRUSSELS (Reuters) — Twenty-five British soccer fans were charged with manslaughter Thursday for their part in the 1985 Heysel stadium riot in which 39 persons were killed, a spokesman for Belgium's public prosecutor said.

All 25 were charged with four offenses — of which manslaughter is the most serious — after an all-night sitting of the Brussels law courts when each was questioned for about an hour.

Fresh riots erupted, meanwhile, in a Belgian jail, the semi-open Merksplas prison near Antwerp. It was the third prison riot in Belgium this week.

Stefan Edberg of Sweden beat Ramesh Krishnan of India on Thursday to gain the men's semifinals of the U.S. Open. Sports, Page 21.

GENERAL NEWS

In South Africa, speculation grows that Nelson Mandela may be released. Page 4.

BUSINESS/FINANCE

A judge refused to lift some restrictions on companies split off from AT&T. Page 17.

Down close: UP 26.78 The dollar in New York: DM £ Yen SF 1.3048 1.6465 142.40 6.0388

Honecker Foresees Open Border

By Robert J. McCartney

Washington Post Service

NEUNKIRCHEN, West Germany — Erich Honecker, the East German leader, said Thursday that he believed the border between East and West Germany would become a normal one if the two states continued the "peaceful cooperation" begun with his visit to West Germany this week.

Mr. Honecker's statement appeared to mark the first time that the Communist government of East Germany has raised the possibility of tearing down the Berlin Wall, which is manned by border guards with orders to shoot people who cross the border without permission.

The apparent catch in Mr. Honecker's offer was his suggestion that the border would become a fully recognized international boundary. West Germany officially seeks that the two countries someday be reunited.

"I believe that if we work together toward it," Mr. Honecker said, "in accordance with the communiqué that we have just signed in Bonn, and if, in connection with this, we demonstrate further peaceful cooperation, then the day will come when the borders will no longer divide us, but when they will unite us, as the border between the German Democratic Republic and the People's Republic of Poland unites us."

He delivered his comment at the town hall in Neunkirchen, after making his first visit since 1948 to the nearby mining village of Wibelkirchen where he grew up.

Bonn's Reaction

Sources in the Ministry for Inter-German Affairs in Bonn said Mr. Honecker's vision would be carefully studied, Reuters reported Thursday.

Friedheim Ost, the West German

See HONECKER, Page 2

Yugoslav Leaders Hurt by Debt Scandal

By Henry Kamm

New York Times Service

BELGRADE — A financial scandal involving one of Yugoslavia's largest companies has embarrassed the political leadership as well as the man scheduled to become the next president of Yugoslavia.

He is Hamdija Ponderac, the Bosnian member of the rotating collegial federal presidency.

The state company, a major food producer, had issued false promissory notes estimated at \$350 million, but possibly worth as much as \$500 million, to at least 57 banks. The company, Agrokomerc, is unable to meet its obligations, as are several of its creditor banks.

[Yugoslav newspapers Thursday put the amount of the notes at \$865 million, Agence France-Press reported from Belgrade.]

The scandal was disclosed at a time when Yugoslavia, whose foreign debt is more than \$17 billion, is preparing to discuss with its creditor banks and the International Monetary Fund a further rescheduling of debt obligations.

The revelations of the scope of the country's internal indebtedness are expected to intensify demands that the necessary fund have the right to impose fiscal austerity.

In a nation where perhaps half the industrial and commercial enterprises habitually report losses and are kept going only by infusions of state funds, companies have usually bailed one another out with loans not backed by cash.

An effort to deal with the losses

is a stricter bankruptcy law that took effect this year. Companies habitually in debt could be forced into bankruptcy. But if strictly applied, the law could eliminate 7,000 companies and 1.5 million jobs. As a result, Yugoslav political analysts and economists do not expect it to be widely enforced.

The Yugoslav press has reported that the State Auditing Office discovered that promissory notes worth \$8.8 billion were created between enterprises or between banks and enterprises last year alone.

This month, the Federal Statistical Office announced that inflation at the end of August was 116.6 percent compared with August 1986.

In recent weeks, the Yugoslav press has carried revelations that have prompted some newspapers to call the affair Agrokomercgate. The scandal has been depicted as evidence that the government of Prime Minister Branko Mikulic is unable to come to terms with Yugoslavia's economic problems.

When Mr. Mikulic took power last year he had a reputation of authoritarianism.

See BELGRADE, Page 2.

Nonetheless, he has failed to instill the discipline that Yugoslav and creditor bankers and economists see as the only way out of the economic crisis. The index of prices and three-digit inflation have been accompanied by unemployment that is at about 1 million in a work force of 6.8 million.

In this highly decentralized nation of six federal republics and two autonomous provinces, each jealous of the other's prerogatives and those of the federal government.

As a result of these factors, officials in Pakistan said this week that they were concerned that growing U.S. involvement in the Gulf would jeopardize attempts by the Pakistani government to maintain good relations with Tehran.

Western diplomats said Pakistan was especially worried that a projection of Western power into the Gulf would drive Iran into isolation and then into the arms of the Soviet Union.

"If Iran is pushed into a corner, the United States should know which corner that is," said a Pakistani official. He and others pointed out that closer ties between Tehran and Moscow might lessen Iran's support for the anti-Soviet rebels in Afghanistan.

The Shiite-Sunni clashes have

Pakistan Fears Gulf Contagion at Home

By Steven R. Weisman

New York Times Service

ISLAMABAD, Pakistan — The widening war in the Gulf is stirring new concern in Pakistan that its already-disaffected Shiite Muslim minority could become increasingly inflamed and likely to clash with the country's Sunni majority.

Tensions between Sunnite and Shiite Muslims have grown in the last several months, as have fights between groups of Iranians living in Pakistan who actively favor or oppose the government of Ayatollah Ruhollah Khomeini in Iran.

Such tensions have a long history in Pakistan. The Sunnis say they represent 85 percent or more of the country's Muslims, but the Shiites have become more and more vocal with the rise of Ayatollah Khomeini in Iran, where Shiites are in the majority.

Pakistan is officially neutral in the war between Iran and Iraq, but Pakistanis say they are acutely uncomfortable because of the rising violence, particularly since their country has traditionally taken pains to have a peaceful and cordial diplomatic relationship with Iran.

This has been a Pakistani aim under Shah Mohammed Reza Pahlavi, who was overthrown in 1979, and under Ayatollah Khomeini.

"We cannot afford to take positions that are partisan that would alienate Iran," said a Pakistani official. He noted that Pakistan had tense, even openly hostile relations with its other neighbors: India, the Soviet Union and Afghanistan.

The Shiite-Sunni clashes have

added another dimension to religious violence that already existed in Pakistan.

Three persons were killed in July in an unusual series of armed attacks by pro- and anti-Khomeini groups, which included the firing of rockets, grenades and bombs at several houses in a suburb of Karachi. Other attacks occurred at Quetta in western Pakistan.

The Pakistani authorities said some of the people arrested after the attacks were Iranian revolutionaries who may have come to track down and eradicate enemies of the ayatollah. A leftist anti-Khomeini movement has been active in Pakistan in recent years.

A few days after the Karachi violence, a bomb went off in a

See PAKISTAN, Page 2

U.S. Hope: A Summit In November

The Associated Press

WASHINGTON — President Ronald Reagan says that he hopes an arms control agreement can be reached with Moscow on intermediate-range missiles and that he thinks late November would be the best time for a summit meeting with Mikhail S. Gorbachev.

"We all feel there is ground for great optimism" about the arms talks in Geneva, Mr. Reagan said Wednesday night at a state dinner for Prime Minister Ingvar Carlsson of Sweden. He added that "we would think late November would probably be best" for a summit meeting.

[The White House spokesman, Martin Fitzwater, announced Thursday that the president would meet with the Soviet foreign minister, Eduard A. Shevardnadze, in Washington next Tuesday to discuss arms control prospects, United Press International reported.]

The Los Angeles Times reported Thursday that Kenneth L. Adelman, director of the Arms Control and Disarmament Agency, said he expected Mr. Reagan and Mr. Gorbachev to sign an arms control treaty in late October or late November.

A summit meeting must wait until at least mid-October because preparations will take that long, Mr. Adelman said. Failing that, he said, talks would have to be put off until late November because of Mr. Gorbachev's role in celebrations of the 70th anniversary of the Communist revolution.

In Spain, Immigrants Find Jobs and Racism

Black Africans Complain of Bias, But Many Residents Deny Problem

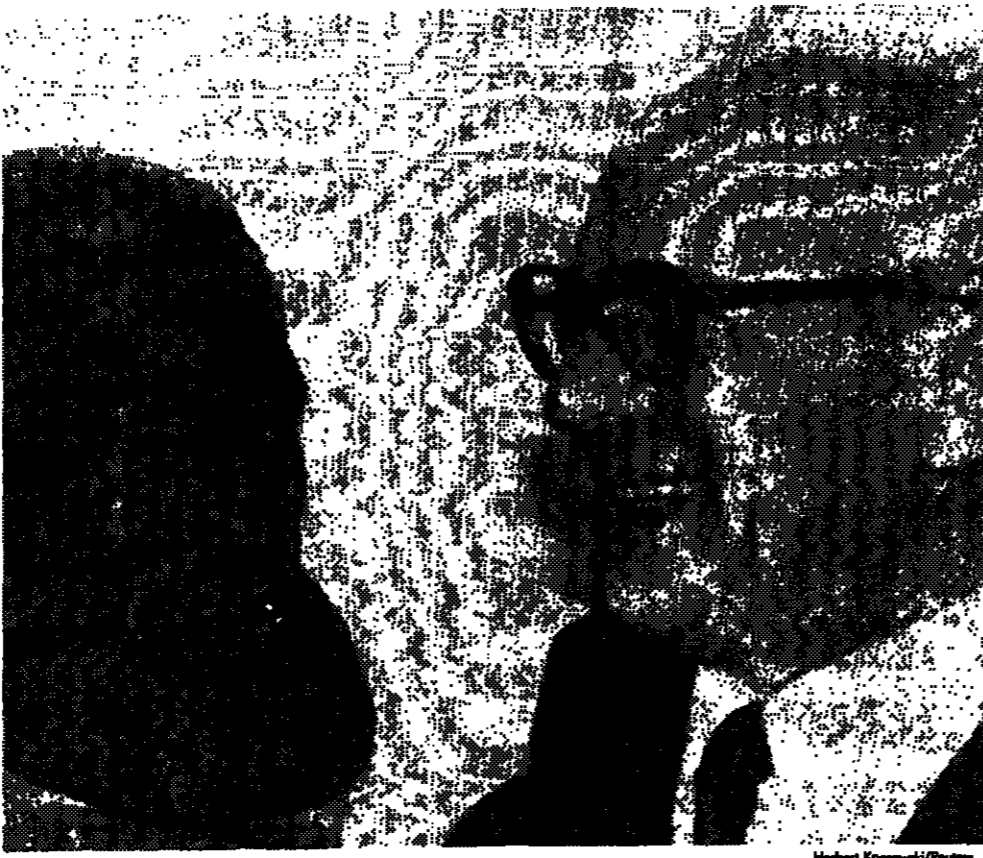
By Paul Delaney
New York Times Service
MATARO, Spain — They are few in number and speak quietly so as not to draw attention to their often illegal status, yet they always stand out because of the color of their skin.

They are the blacks in Spain. Most live here in Catalonia, in the northeast corner of the country, and work the fields picking fruit and vegetables. Most say they left their homes in Gambia and Senegal to escape poverty.

They found work easily enough, but they say they also found racism. While Arabs and gypsies also complain of racism, Spaniards either say they are not aware of any such problems or deny that they exist.

"Spanish people are real racists, the authorities more so than the common people," said Momodou Cham, the outgoing head of Jama Kafo, which in the Mandingo language of West Africa means People's Association.

Jama Kafo is the nearest thing in



Erich Honecker, the East German leader, viewing a bust of Karl Marx in the house where Marx was born in Trier, West Germany. On Thursday, Mr. Honecker also returned to the town where he grew up, Wiebelskirchen in the Saarland, for the first time since 1948.

HONECKER: East German Foresees Border Opening

(Continued from Page 1)

man government spokesman, said Mr. Honecker's remarks showed that East Germany was "moving in what we regard as the right direction."

"What General Secretary Honecker said corresponds to what Chancellor Kohl and Honecker talked about in Bonn," Mr. Ost was quoted as saying by the newspaper Bild Zeitung. He was referring to meetings between Mr. Honecker and Chancellor Helmut Kohl of West Germany earlier this week.

The joint communiqué issued in Bonn on Tuesday at the end of the talks said both sides would strive to ease contacts between their peoples.

But the two leaders exchanged harsh words on human rights, and Mr. Honecker said their different social and economic systems could no more mix than fire and water.

Throughout his visit, Mr. Honecker has been dogged by small groups of protesters demanding the demolition of the Berlin Wall, whose construction he supervised.

Earlier Thursday, Mr. Honecker came home to the town where he began his political life, news agencies reported from Wiebelskirchen.

In the most emotional part of his five-day visit to West Germany,

'It is very clear that there is a race problem in Spain. But the Spanish temperament is to ignore problems, hide your head in the sand ostrich-like.'

— Amanda de Miguel, a Madrid sociologist

Spain to the National Association for the Advancement of Colored People in the United States, and Mr. Cham and his successor as the organization's head, Sheriff Jarju, come closest to being civil rights leaders. Both have legal residency status.

Mr. Cham's assessment is shared by Amanda de Miguel, a Madrid writer and sociologist.

"It is very clear that there is a race problem in Spain," he said. "But the Spanish temperament is to ignore problems, hide your head in the sand ostrich-like."

Government officials denied any knowledge of bias. Perhaps because the proportion of nonwhites

Spain to the National Association for the Advancement of Colored People in the United States, and Mr. Cham and his successor as the organization's head, Sheriff Jarju, come closest to being civil rights leaders. Both have legal residency status.

CONTRA: Shultz Says U.S. Plans More Aid to Rebels

(Continued from Page 1)

ment to stop spreading communist subversion and resolve disputes with its neighbors.

If Congress goes along with the administration's new request, the rebels will be assured of U.S. assistance until after Mr. Reagan's departure from office in January 1989.

Mr. Shultz did not say what percentage of the request would be earmarked for military aid. The current \$100 million allocation earmarks roughly 70 percent for military assistance and 30 percent for humanitarian aid.

The speaker of the House of Representatives, Jim Wright of Texas, who has backed the peace initiative enthusiastically, said Thursday that it would be "inappropriate" to seek aid for the Contras "during the time the peace process is moving forward."

Mr. Wright, a Democrat, said: "If such a request is made, it would anticipate the failure of the peace plan. I don't anticipate failure. I anticipate success."

One of the peace plan's provisions would cut off U.S. aid to the Contras and all other outside aid to Central American insurgents.

Mr. Shultz, while insisting that the administration supports the negotiations among Nicaragua, Costa Rica, El Salvador, Honduras and Guatemala, said:

"It is simply not in our national interest to leave the Sandinista regime unconstrained by credible resistance forces on the basis of a hope or a promise. We have too much at stake."

Aides to Mr. Wright said that on Wednesday night the president's national security adviser, Frank C. Cullucci, advised the speaker and the House Democratic leadership of the administration's intention to submit the \$270 million contra request Oct. 1.

According to the aides, Mr. Wright and the others told Mr. Cullucci that such a move would cause Congress to vote overwhelmingly against the request. That warning apparently caused the administration to revise its strategy and adopt the more flexible approach taken by Mr. Shultz on Thursday.

Nicaraguan Foes Freed

Two critics of the Nicaraguan government, a day after their release from jail, have asserted that the government will have to free thousands of other prisoners to prove its intent to uphold the Central American peace accord signed last month. The *New York Times* reported from Managua.

The two men, both lawyers, served 24 days of a 30-day sentence after being detained at an opposi-

tion rally in Managua last month. Many international groups and several foreign governments had pressed for their release.

The men were turned over Tuesday to a visiting U.S. senator, Tom Harkin, Democrat of Iowa.

"We are waiting to see if our release is the beginning of an amnesty that will lead to freedom for thousands of people," said Lino Hernandez, director of the Permanent Commission for Human Rights, a private organization.

"This will be a real test for the Sandinistas. I have my doubts that they will do it."

The other lawyer released Tuesday, Alberto Saborio, president of the Nicaraguan Bar Association, said Wednesday that only a complete amnesty would be acceptable.

Riot Over Calcutta Center

CALCUTTA (UPI) — About 10,000 people protesting the construction of a cultural center rioted Thursday, prompting officers to fire tear gas and bullets in clashes that left at least 50 persons injured, the police said.

AIDS Fear Stops U.S. Navy Visit

The Associated Press
WASHINGTON — A demand by Costa Rica that the U.S. Navy certify that the crew of a destroyer was free of AIDS forced the cancellation of a port visit by the ship last week. Pentagon officials said Thursday.

"There is a fear and paranoia growing about this disease that could threaten our relationships with friendly countries around the world," an official said, referring to acquired immune deficiency syndrome. "This could be much worse than the anti-nuclear problem." Costa Rica was not the first country to challenge the visit of a U.S. Navy ship because of a fear of AIDS, the officials said. They said the Philippines as well as other unidentified nations, had moved in that direction at different points.

"In the other instances, however, we easily resolved the matter and the visits were made," an official said. "This time, we couldn't resolve it."

Chad Reports Libyan Air Raids

Compiled by Our Staff From Dispatches
NDJAMENA, Chad — Libyan warplanes bombed the town of Fada and the base of Ouadi Doum in northern Chad on Thursday, Chadian radio reported.

In Paris, the Chadian Embassy said that Libyan aircraft had also bombed Fayal-Largau on the northern Chad. It was the first such action against the oasis since Libya's forces recaptured the town of Azou in the disputed Azouz strip last month. French civilians and servicemen are based at Fayal-Largau.

Chadian troops thrust into southern Libya last Saturday and reported destroying an air base at Matan-as-Sarah. The Libyan news agency JANA reported Thursday that Libyan television had shown U.S.-made Stinger anti-aircraft missiles left behind by Chadian troops at Matan-as-Sarah. U.S. officials had said this week that Chad's request for Stingers was under consideration. (AP, AFP)

U.S. Argues Soviet View Of Treaty Favored SDI

By David K. Shipler
New York Times Service
WASHINGTON — The State Department has asserted that the Soviet Union, in public statements after the signing of the anti-ballistic missile treaty in 1972, made clear its belief that the accord permitted the testing and development of defensive weapons equivalent to the Strategic Defense Initiative.

The argument was made in the third and final part of a long analysis of the treaty by Abraham D. Sofaer, the State Department's legal adviser.

The document, sent to Congress on Wednesday, constituted the latest round in a debate over the scope of the 1972 treaty, which limited the deployment of anti-ballistic missile systems by both the United States and the Soviet Union.

Soviet authorities and some U.S. experts, including all but one of the Americans who negotiated the treaty, have asserted that the accord bars testing and development of the Strategic Defense Initiative, popularly called "star wars." The program would set up a system of space-based lasers and other futuristic weapons.

[Tass said Thursday that the State Department "was in essence trying to justify a 'right' of the United States to interpret any international treaty in the way it suits the U.S.," Reuters reported from Moscow.]

Also Wednesday, the State Department said Secretary of State George P. Shultz and the Soviet foreign minister, Eduard A. Shevardnadze, would sign an agreement in Washington next week setting up nuclear risk-reduction centers.

The centers, to be staffed by U.S. military personnel in Moscow, would be linked by a new, high-speed communications system, independent of the hot line, for use in giving notice of ballistic missile tests and other events covered by arms agreements and other treaties.

Although the two powers are close to a second eliminating their intermediate-range nuclear weapons, they are stalled in efforts to negotiate a more substantial treaty reducing long-range strategic nuclear arms, partly because of a dispute over the Reagan administration's proposed space-based missile defense system.

Mr. Sofaer has been enlisted by the administration to provide a legal basis for the view that the ABM treaty offers no obstacle to testing and development of a space-based defense.

In the latest volume, Mr. Sofaer cited several Soviet statements that, he said, reinforced the view that Moscow did not regard the treaty as barring weapons based on technology not yet developed.

"During negotiations of clarifying interpretations," he wrote, "and at other times between 1972 and 1978, the Soviets repeatedly expressed the view that the treaty was intended to regulate conventional ABM systems."

U.S. Aide Assails Moscow

Paul H. Nitze, the special U.S. arms control adviser, criticized Moscow on Thursday for raising "further objections" to a superpower accord on medium- and short-range nuclear missiles. The Associated Press reported from Brussels.

He commented on a report in a London daily, *The Guardian*, that said the Soviets now wanted Washington to destroy 400 Pershing-1A nuclear warheads in the United States along with 72 in West Germany.

The *Guardian* quoted Viktor P. Karpov, the Soviet arms negotiator, as saying in an interview, "All warheads of this class of missile must be eliminated."

WORLD BRIEFS

Kanak Criticizes Vote Preparations

LA FOA, New Caledonia (Combined Dispatches) — Jean-Marie Tjibou, the leader of New Caledonian separatists, accused France on Thursday of destroying the credibility of Sunday's independence referendum by swamping the Pacific territory with troops.

He said that France had sent in 7,300 soldiers and police, one for every 12 voters. The soldiers, paramilitary gendarmes and riot police are to be stationed across the French territory by Sept. 13, when some 85,000 voters go to the polls.

"What can be the credibility of a referendum held under such heavy military surveillance?" Mr. Tjibou asked at a news conference in La Foë, 75 miles (120 kilometers) north of the capital, Noumea. Mr. Tjibou heads the Kanak Socialist National Liberation Front, which is boycotting the vote on the ground that it gives too little weight to the indigenous Kanaks, who represent 43 percent of the population of 145,000.

In Papua New Guinea, meanwhile, police fired tear-gas to disperse some 250 students who staged a demonstration Thursday outside the French Embassy against French policy in New Caledonia, the French ambassador said. (Reuters, AFP)

Schluter Presents Cabinet in Denmark

COPENHAGEN (Combined Dispatches) — Prime Minister Poul Schluter presented his reshuffled cabinet to Queen Margrethe II on Thursday, completing the formation of a minority government weakened by election setbacks.

Mr. Schluter replaced four ministers, including the defense minister, and added one minister to the outgoing 21 members of the cabinet. The four-party, center-right coalition is backed by only 70 of the 179 legislators. It faces a strengthened opposition bloc of Social Democrats and members of the Socialist People's Party, which won a combined 81 seats in the election Tuesday.

The former prime minister, Anker Joergensen, announced on Thursday that he was resigning as leader of the Social Democrats. Although the opposition bloc gained, the Social Democrats actually saw their parliamentary strength cut to 54 seats from 55. (AP, Reuters)

Kim Dae Jung Heartened by Support

SEOUL (AFP) — Kim Dae Jung, the South Korean opposition leader, indicated Thursday that a successful two-day tour of his southwestern base of support had encouraged him to run for president.

[Tass said Thursday that the State Department "was in essence trying to justify a 'right' of the United States to interpret any international treaty in the way it suits the U.S.," Reuters reported from Moscow.]

Also Wednesday, the State Department said Secretary of State George P. Shultz and the Soviet foreign minister, Eduard A. Shevardnadze, would sign an agreement in Washington next week setting up nuclear risk-reduction centers.

The centers, to be staffed by U.S. military personnel in Moscow, would be linked by a new, high-speed communications system, independent of the hot line, for use in giving notice of ballistic missile tests and other events covered by arms agreements and other treaties.

Although the two powers are close to a second eliminating their intermediate-range nuclear weapons, they are stalled in efforts to negotiate a more substantial treaty reducing long-range strategic nuclear arms, partly because of a dispute over the Reagan administration's proposed space-based missile defense system.

Mr. Sofaer has been enlisted by the administration to provide a legal basis for the view that the ABM treaty offers no obstacle to testing and development of a space-based defense.

In the latest volume, Mr. Sofaer cited several Soviet statements that, he said, reinforced the view that Moscow did not regard the treaty as barring weapons based on technology not yet developed.

"During negotiations of clarifying interpretations," he wrote, "and at other times between 1972 and 1978, the Soviets repeatedly expressed the view that the treaty was intended to regulate conventional ABM systems."

U.S. Aide Assails Moscow

Paul H. Nitze, the special U.S. arms control adviser, criticized Moscow on Thursday for raising "further objections" to a superpower accord on medium- and short-range nuclear missiles. The Associated Press reported from Brussels.

He commented on a report in a London daily, *The Guardian*, that said the Soviets now wanted Washington to destroy 400 Pershing-1A nuclear warheads in the United States along with 72 in West Germany.

The *Guardian* quoted Viktor P. Karpov, the Soviet arms negotiator, as saying in an interview, "All warheads of this class of missile must be eliminated."

German Hostage Said to Be Alive

BONN (Reuters) — West German authorities said Thursday that Rudolf Cordes, a businessman seized in Beirut in January, was still alive, according to information supplied to them by Alfred Schmidt, who was freed in Lebanon on Monday.

A Foreign Ministry spokesman said Mr. Schmidt had told West German officials that Mr. Cordes had not been killed by his kidnappers. Mr. Schmidt, who was freed after eight months in captivity, has been at a secret location since he returned to West Germany early Tuesday.

The spokesman refused to comment on reports that Mr. Schmidt, an engineer for Siemens, the electronics company, had said he and Mr. Cordes were held at a secret location together for much of the time. Mr. Cordes, a manager for the Hoechst chemicals concern, was seized by gunmen in West Beirut on Jan. 17, three days before Mr. Schmidt was kidnapped.

For the Record

The Turkish parliament, voting along party lines Thursday, called a general election for Nov. 1, a full year ahead of schedule. (AP)

The Palestine Liberation Organization denied Thursday in Tunis that its leader, Yasser Arafat, had sent a message to the Israeli government offering direct talks on Middle East peace. (Reuters)

The Ethiopian military ruler, Colonel Mengistu Haile Mariam, was chosen the first president of the People's Democratic Republic of Ethiopia on Thursday and said that civilian rule had been restored. Colonel Mengistu has governed since 1977 as chairman of a Provisional Military Administrative Council. (Reuters)

TRAVEL UPDATE

St. Gotthard Rail Service to Reopen

BERN (AP) — Full rail passenger service will resume Sunday across the St. Gotthard route, Switzerland's main north-south link, the Swiss Federal Railways said Thursday.

Nearly three weeks after heavy rains washed out tracks, most trains are expected to return to normal schedules. Minor delays will be caused by continuing single-track service between the Uri canton towns of Gurnelinden and Wassen, a railways statement said. Partial service on the St. Gotthard resumed last week.

The California Legislature has passed a bill outlawing smoking on airplanes, trains and buses in the state. If signed into law by Governor George Deukmejian, the measure would prohibit smoking on all public transportation within the state's boundaries beginning Jan. 1. (Reuters)

The Bremer rail link between Italy, Austria and West Germany, blocked early Wednesday by the derailment of a freight train, reopened to international traffic Thursday, Italian rail officials said. (AP)

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WHEN! WHO? YOUR REICH, STONE RECENTLY HAD ALL CHARGES DROPPED.

IRAN: European Protests

(Continued from Page 1)

ment in the name of the organization.

At Frankfurt Airport, eight Iranians occupied the offices of Iran Air and distributed leaflets calling for an uprising against Ayatollah Khomeini. The police said they briefly detained the exiles when they left the office.

In Oslo, NTB quoted an unidentified Iranian journalist as saying that the embassy attackers were unarmed and had offered to surrender if a photographer was first allowed into the building.

But one of the embassy staff told Reuters that the assailants had two pistols, had threatened to kill the hostages and had beaten them. He said they had hit a small child on the head when he protested at his mother being manhandled.

The Iranian Foreign Ministry, in a statement carried by Tehran Radio, said that Norwegian police had acted "irresponsibly." It said the Oslo incident was a "savagely" attack by agents of arrogance and terrorist counter-revolutionaries. (AP, Reuters, AFP)

Bomb Explodes At Kuwaiti Bank In Central Paris

PARIS — A bomb blew a hole in the front of the Kuwaiti-French Bank early Thursday in the second attack on an Arab bank in central Paris this week.

There was no immediate claim of responsibility. A bomb placed on the sidewalk blasted open the bank's metal and glass facade at about 3:30 A.M., damaging offices inside.

On Tuesday, another device exploded at the Paris offices of another Arab bank, La Banque Saoudienne et Europeenne, but caused only minor damage.

The Kuwaiti-French Bank is a small commercial bank that is majority-owned by a group of Kuwaiti banks including the Commercial Bank of Kuwait, Kuwait Real Estate Bank and Alahbi Bank of Kuwait, a bank spokeswoman said.

Islamic fundamentalists have issued threats against Kuwait and Saudi Arabia in recent weeks following the deaths of Iranian pilgrims during riots in Mecca on July 31.

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BELGRADE: Leaders Hurt in Fallout From Scandal

(Continued from Page 1)

Fikret Abdic, is a member of the Central Committee of the republic's Communist Party and a member of the Federal Assembly, or parliament. On Tuesday, Mr. Abdic's arrest on the charge of counter-revolution was announced.

The State Auditing Office, which has no judicial power, has demanded the arrest of 92 officials of Agrokomerc and creditor banks. Six senior company officials had previously been arrested and charged with malfeasance.

Mr. Abdic has embarrassed the national leadership by stating that his principal political supporter was Mr. Pocerac. Under the rotation system, Mr. Pocerac is to become the president of Yugoslavia in May.

Mr. Pocerac has denied a personal connection with Mr. Abdic.

Belgrade Plants Struck

About 8,200 workers in two Belgrade factories went on strike Thursday for higher pay, the news agency Tanjug reported, according to an Associated Press dispatch from Belgrade.

Yugoslavia has been hit this year by an unusual number of strikes.

Tanjug did not specify any reasons for the strike, but a source at one plant, an engine factory, said about 5,000 employees were demanding a raise matching inflation.

Another 3,200 workers of the FOM metal plant went on strike to press their demand for a 60-percent increase as of January this year, Tanjug said.

About 1,700 workers of TAS, the assembly plant of Volkswagen cars in Sarajevo, returned to work Thursday after a three-day strike when they won a 20-percent raise.

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For Reagan's Commerce Nominee, Past Surfaces as Confirmation Hurdle

By Susan F. Rasley
New York Times Service

WASHINGTON — Washington is a town with a long memory. So when C. William Verity Jr., President Ronald Reagan's nominee for commerce secretary, appeared Thursday on Capitol Hill for a confirmation hearing he was prepared to be asked less about his plans for the department he would head than about two bits of the past that have come back to haunt him.

The first is Mr. Verity's role in a bitter and protracted environmental lawsuit. The second is his outspoken view in favor of expanding commercial ties with the Soviet Union, a policy dispute that has split every administration since 1972.

It is a rather unlikely combination of issues to dog a retired steel executive who has never held government office. But it has united groups at two extremes of the political spectrum in opposition to his all-but-certain confirmation.

At the Senate Commerce Committee, both Republican and Democratic aides say they have been somewhat surprised by the reaction to Mr. Verity, but neither side is

looking for major fireworks at the confirmation hearing or later, on the Senate floor. Administration officials said they had reviewed Mr. Verity's record closely with him and that he would be prepared to answer any questions that might arise at the hearing.

To be sure, the scope of the opposition to Mr. Verity pales in comparison to the campaign being waged against Judge Robert H. Bork, Mr. Reagan's Supreme Court nominee. But it is every bit as visceral.

"Mr. Verity remains an unrepentant polluter," wrote Minnesota's attorney general, Hubert H. Humphrey 3d, son of the former vice president, in a letter last week to the state's two U.S. senators and to the chairman of the Senate Commerce Committee, urging rejection of the nomination.

Free the Eagle, a conservative lobbying group, sent the committee a "declaration" signed by 20 small conservative organizations denouncing his record.

"Mr. Verity's past actions and comments reflect a gross insensitivity toward Soviet political and human rights abuses and a willingness to undermine trade limitations that

are essential components of United States economic security policy," said Howard Segersmark, director of Free the Eagle.

Even the syndicated newspaper columnist Rowland Evans and Robert Novak have warned that Mr. Reagan might regret his decision to name Mr. Verity to the Commerce Department post.

"Not only has Verity plugged ceaselessly for détente, but he has rejected the administration's policy of linkage between trade and Soviet behavior," they wrote. They predicted that Mr. Verity might have to "eat" comments he made in 1979 that American Jewish demands for Soviet emigration "can never be satisfied" and are regarded by Moscow as "interference with domestic affairs."

Noting that advocates of controlling technology exports to the Soviet Union were "appalled" by Mr. Verity's nomination, the columnists ascribed it to the "new primacy of U.S.-Soviet relations" in the fading months of the Reagan administration.

To understand how such passions can be stirred by a man whose

nesses to comply voluntarily with the regulations.

One such case involved Reserve Mining Inc. of Silver Bay, Minnesota, jointly owned by Arco and Republic Steel and headed by Mr. Verity. The company had been dumping its wastes, 67,000 tons daily of iron ore tailings known as taconite, into Lake Superior since 1956. Mr. Verity waged a high-level lobbying battle to forestall action, but in 1972 the federal government and three states sued Reserve to halt the practice.

The Reserve case was settled in April 1982, with the company agreeing to pay \$1 million in fines, to install an on-land disposal system and to pay for the filtering of drinking water. But for Mr. Verity, it is not over.

At his hearing he is expected to be asked, among other things, about this case and about how he persuaded the Justice Department, during the administration of Richard M. Nixon, to delay a separate federal court order that Arco stop discharging cyanide into the Houston ship channel.

"It's come back full circle," said Grant Merritt, a Minneapolis environmental lawyer who headed Minnesota's Pollution Control Agency at the time of the Reserve case. He has spent the past month organizing veterans of the old fight against Mr. Verity's nomination.

"For 20 years I've been giving speeches using William Verity as an example," Mr. Merritt said. "If he were accused of dumping arsenic in his neighbor's well, I have to believe he would take steps to stop that pollution. But when he donned his corporate hat, he had no sense of responsibility."

James Giffen, a corporate vice president at Arco from 1973 to 1984, and now a managing partner at Mercator Corp. in New York, remembers the case differently.

"He was trying to do the best for the company, for the shareholders, to keep the plant open," Mr. Giffen said of Mr. Verity. "In every city where Arco had a plant they tried to be good corporate citizens."

Mr. Verity's troubles with the right arise from his involvement with the U.S.-U.S.S.R. Trade and Economic Council, an organization of U.S. business executives and Soviet trade officials created in 1973, in the heyday of détente, with the blessing of the Departments of State, Commerce and Treasury.

Conservatives have long regarded the organization with suspicion, concerned that the Soviets were using it largely to gain U.S. technological secrets and that U.S. executives were subordinating important foreign policy considerations in their eagerness to crack the Soviet market.



C. William Verity Jr.

Nunn Vows To Block Bork Process Over Arms

By Helen Dewar and Tom Kenworthy

WASHINGTON — President Ronald Reagan's drive for confirmation of his Supreme Court nominee, Judge Robert H. Bork, has encountered new trouble as Senator Sam Nunn, chairman of the Armed Services Committee, has vowed to help block confirmation until Republicans allow passage of military and arms control legislation for next year.

The threat Wednesday from Mr. Nunn, who is influential among Senate moderates whose support is considered essential for Judge Bork's confirmation, came as the Democratic-controlled Congress returned from a monthlong recess. Congress faces a heavy agenda complicated by disputes with the White House on most major issues. Mr. Nunn, a Georgia Democrat, did not say how he would attempt to block the confirmation.

Mr. Nunn's warning on the Bork confirmation was his second move in as many weeks to complicate prospects for key items on Mr. Reagan's legislative agenda while the administration abandons its insistence on a reinterpretation of the 1972 anti-ballistic missile treaty. The new interpretation is aimed at permitting expanded testing of the administration's space-based antimissile defense program, the Strategic Defense Initiative.

Last week, Mr. Nunn said he would demand congressional review of the complete negotiating record leading to a pending treaty to ban short- and medium-range nuclear forces because the administration is relying on the ABM treaty negotiating record to justify its broad interpretation of the pact.

His threat to help hold up consideration of Judge Bork comes because Republicans, with White House backing, are holding up the military spending bill for the 1988 fiscal year. Republicans are stalling the bill because it contains language requiring congressional approval for a reinterpretation of the ABM treaty.

Mr. Nunn described himself as "totally neutral" on Judge Bork's nomination and said his tactics were aimed at forcing a vote on the military spending bill.

But his position could be significant in early maneuvering over the confirmation and in Democratic efforts to end Republican delaying tactics over other issues.

On Tuesday, a key committee of the American Bar Association voted to give Judge Bork its highest rating, but the committee was sharply divided, with several members evaluating the judge as "not qualified" for the court, sources close to the process said Wednesday.

Of the 15 members of the ABA committee, 10 voted Judge Bork as "well qualified," four "not qualified" and one "not opposed," a source said.

U.S. Envoy To Maputo Confirmed

By Neil A. Lewis
New York Times Service

WASHINGTON — The Senate has voted to confirm Melissa F. Wells as U.S. ambassador to Mozambique, ending a long standoff between the Reagan administration and conservative Republicans.

The Senate approved the nomination of Mrs. Wells by a 64-24 vote Wednesday after having voted decisively earlier in the day to cut off debate. The conservative Republicans, led by Senator Jesse Helms of North Carolina, threatened a filibuster to block the nomination.

Mrs. Wells, a career diplomat, has served as ambassador to Guinea-Bissau and Cape Verde.

Mr. Helms has led a campaign to force the administration to alter its policy on Mozambique, which is governed by a Marxist political party. He has pressed the State Department to abandon its support of the government in Maputo in favor of the Mozambique National Resistance, an anti-Communist rebel group supported by South Africa and known as Renamo.

The administration contends that its policy could mean Mozambique from dependence on the Soviet bloc.

"I am continually astonished at the State Department's declared policy that it will not meet with the anti-Communist resistance," Mr. Helms said Wednesday.

Although Mr. Helms, with the support of other Republicans, has held up the nomination for months, the end of the matter came quickly Wednesday.

The Senate minority leader, Bob Dole, Republican of Kansas, who had been a supporter of efforts by Mr. Helms to hold up the nomination, said Wednesday he would drop his opposition and the effort quickly dissolved.

Mr. Dole asserted that the administration's refusal to meet with Renamo has hampered efforts to provide relief to Mozambique, which is suffering from drought and malnutrition.

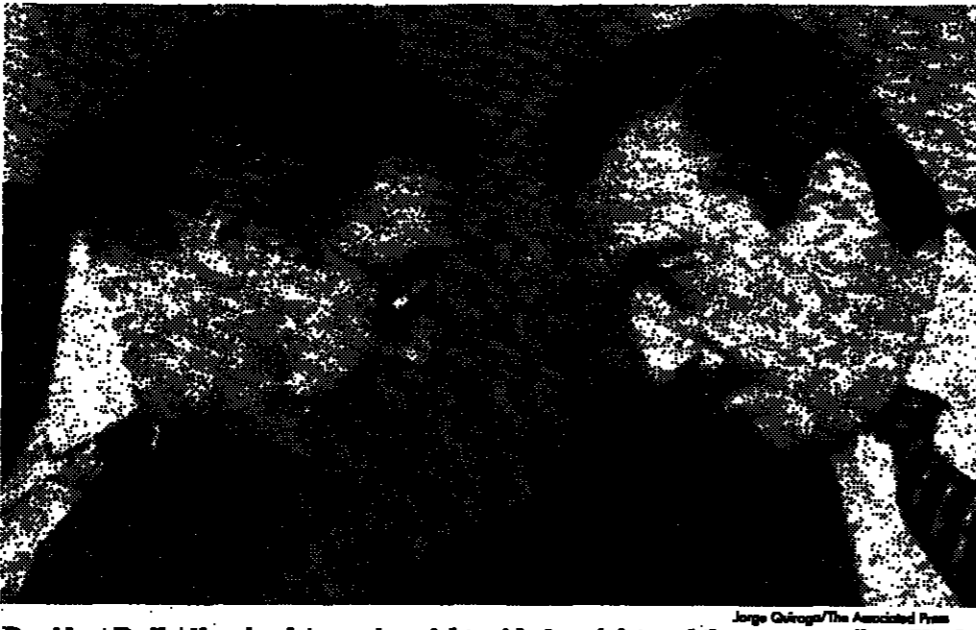
The administration sought to defuse the confrontation, and had a State Department official confer with Renamo's Washington representative to see whether he could help in freeing a young American nurse taken hostage by the rebels. But that gesture failed to satisfy Mr. Helms.

Mr. Helms's campaign also lost some momentum after widespread reports of a massacre of 400 people in a Mozambique village in July by Renamo forces.

Pending confirmation, Mrs. Wells, 55, has been serving in the State Department's Southern Africa Bureau.

Renamo Rebels Report Raid

LISBON — Mozambique rightist rebels, known as Renamo, said here Thursday that they had killed 17 Zambian troops in a cross-border raid last week on three barracks near Mount Darwin.



President Raúl Alfonsín of Argentina, right, with the minister of the economy, Juan Vital Sourrouille, in Buenos Aires. The president promised tough action on the country's debt.

Peronists Disavow Disruption Despite Victory, They Promise Not to Obstruct Alfonsín

By Shirley Christian
New York Times Service

BUENOS AIRES — Political leaders of the opposition Peronists, after emerging victorious in congressional and provincial elections, have sought to dispel fears that they will obstruct the government of President Raúl Alfonsín or bring chaos to Argentina.

However, Saul Ubaldini, the secretary-general of the General Federation of Labor, often considered the backbone of Peronism, took a tough position Wednesday, saying that the president had to address the problem of declining wages.

He called for a return of economic nationalism and a moratorium on the \$53 billion foreign debt.

Guido di Tella, a prominent

Peronist economist, who was elected to the Chamber of Deputies, said people concerned that the Peronists might not behave democratically did not realize that today's Peronist party is not "the party of 1947 or 1974."

Anti-Peronist Argentines equate the movement, officially the Partido Justicialista, to mobs in the streets and endless concessions to labor.

"There is no question that Alfonsín is still the president and that he has full authority," Mr. di Tella said, adding that the Peronists and Mr. Alfonsín's Radical Civic Union "will have to coexist more than in the past, and that's good, not bad."

Italo Luder, the Peronists' defeated presidential candidate in 1983, who also won election to the Chamber on Sunday, said in an interview published Wednesday that the Peronists did not intend to be "obstructionists," which he said would reflect "a lack of good sense" just two years from presidential elections.

The president and his party treated the outcome of the elections as a major crisis.

After voting on Sunday, Mr. Alfonsín went to his suburban residence and, after the results became known, called in cabinet members and party leaders for a meeting.

The feeling of a vacuum settled over the government as officials made it clear that the president could not decide what policy changes he needed to make as a result of the voting.

Most politicians attributed the setback to unhappiness over the economic straitjacket in which the country finds itself, which includes declining real wages, high inflation and the pressures of the \$53 billion foreign debt.

The radicals lost their majority but retained a plurality in the Chamber of Deputies, where half the 254 seats were up for election. There was no voting for seats in the Senate, where the Peronists already hold a plurality.

Mr. di Tella, the architect of the Peronists' proposal to renounce part of the foreign debt, said in an interview that his party was not interested in forming a coalition government with the radicals but did want to help shape the national policies of the next two years.

In another interview, a few days before the voting, he said his debt proposal was based on the conviction

that the foreign banks were virtually inviting debtor countries to renounce part of the debt when they decided in recent months to increase their reserves against possible losses.

He used a hypothetical figure of 40 percent as the amount that Argentina might renounce, but he said the actual amount would depend on an analysis of the components of the debt, with new debt incurred since 1982 more likely to be paid in full than older debt.

He said he had made the proposal on economic, not ideological, grounds.

"Argentina is in receivership," he said.

Mr. Alfonsín pledged Wednesday to get tough about Argentina's debt and to campaign to freeze interest rates on it. Reuters reported from Buenos Aires.

Mr. Alfonsín Vows Action

Mr. Alfonsín pledged Wednesday to get tough about Argentina's debt and to campaign to freeze interest rates on it. Reuters reported from Buenos Aires.

Kenya Tries to Fend Off Rights Charges

By Blaine Harden
Washington Post Service

NAIROBI — The government of Kenya, stung this year by charges of unfair trials and torture of political opponents, has embarked on a counteroffensive that sidesteps the substance of these reports while broadly accusing the critics of anti-Kenyan bias.

Asserting that Kenya is an "open society" that is "governed by the rule of law," the government appears to be either delaying or intervening in court cases that could further damage its image.

Two of those cases concern Kenyans who died this year in police custody. Others involve lawsuits charging that the police used torture to coerce confessions from detainees.

Peter Karanja, a businessman picked up by the police in the town of Nakuru last February, died 22 days later in police custody in Nairobi. An autopsy showed he had been beaten severely. The government has postponed an inquest.

Stephen Karanja, no relation to Peter Karanja, was shot dead while in police custody five months ago. The body was buried without informing the dead man's family. A Nairobi judge who demanded that the police find the body and explain the death has been ordered off the case by Kenya's chief judge. The body has not been produced.

He said the current round of election trials and detentions — under which 12 people are being held incommunicado without the right to trial under the Preservation of Public Security Act — was consistent with the way Kenya has always dealt with those it perceives as security risks.

The government has responded in a variety of ways to outside criticism. Officials have been ordered not to visit foreign embassies in Nairobi without permission from the president's office.

Kenyan lawyers have been warned by the minister for cooperative development not to send false information about the country to Amnesty International.

Last spring, Mr. Moi suggested that the number of foreign journalists in Kenya should be reduced. Since then, the information ministry has instituted a labyrinthine procedure for their accreditation.

Concern about threatened anti-Kenya demonstrations and the possibility that human rights questions would be raised led President Daniel arap Moi to cancel long-planned visits to Norway and Sweden. The Kenyan president did travel to Finland. While Mr. Moi was in Helsinki last week, his foreign minister told reporters that Kenya might break diplomatic relations with Norway and Sweden and refuse future development aid.

Bethel Kiplagat, Kenya's permanent secretary for foreign affairs, said in Nairobi that Western critics failed to understand the political history of Kenya, where "from independence, we have had detainees and trials of people who want to overthrow the government."

U.S. Won't Link MIA Gains To Private Aid for Vietnam

New York Times Service

WASHINGTON — The State Department is not linking progress on the issue of missing servicemen in Vietnam to private charitable aid to that country, according to a department spokesman.

Charles E. Redman, the spokesman, said Wednesday that a decision to encourage private organizations to provide aid, especially prosthetic devices for amputees, was not connected to U.S. efforts to obtain information about American servicemen missing since the Vietnam War.

He said the United States believed that the fate of Americans still listed as missing in action was "a separate issue which stands on its own merits."

about a group of "very compelling cases" said to number about 70.

The administration has steadfastly refused to discuss economic aid or war reparations as part of the negotiations over missing servicemen. The government's decision to help private groups represents a breakthrough on the question of relating the two issues.

The agreements on both issues were worked out last month with Vietnamese officials by General John W. Vessey Jr., a former chairman of the U.S. Joint Chiefs of Staff, who led a delegation to Hanoi. After his visit, two groups traveled to Vietnam, one a medical team to study the humanitarian needs of the country and the other to work on the 70 major cases.

Under the plan for facilitating nongovernmental aid, the administration intends to issue a report detailing the needs and encouraging private groups to provide it. The administration also will provide exemptions from trade restrictions.

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AND

IN THE MATTER OF THE COMPANIES ACT (CHAPTER 184)

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OPINION

There's No Room for Covert Operations

NEW YORK — William H. Webster, the new director of central intelligence, has established closer control of covert action. Three cheers for that; but even tight supervision is not enough, as the United States will discover again unless secret political operations are banned altogether.

By Tom Wicker

Secret intelligence-gathering, from advanced technology to a human spy in a foreign capital, is indispensable. But secret efforts to achieve political change, from subsidies for political parties to the overthrow of governments, pose far more problems than they are worth. When exposed, they embarrass the nation and erode the credibility of the president; even when not known to the American public, they often damage rather than further U.S. interests.

Chain-of-command consideration should weed out most of the more harebrained schemes that the cover of secrecy and the absence of accountability virtually always spawn.

A report on Mr. Webster's takeover of the CIA by Stephen Engelberg in The New York Times (10/7, Sept. 9) describes him as "not opposed" to covert operations. The steps he has taken display a healthy skepticism, nonetheless, and his voice could be strong influence on the next president if he should recommend cutting back secret activities to intelligence-gathering alone.

A strong argument for this approach exists, not just in the long record of dubious, failed and disastrous covert operations, from the overthrow of Guatemala through the Bay of Pigs to the Iran-contra fiasco, but in the reasoned reflections of a former attorney general and undersecretary of state.

Nicholas deB. Katzenbach, who held those and other offices in the Kennedy and Johnson administrations, wrote in October 1973 that the United States "should abandon publicly all covert operations designed to influence political results in foreign countries."

In an article in the journal Foreign Affairs, he argued that secrecy had become too great an influence on foreign policy,

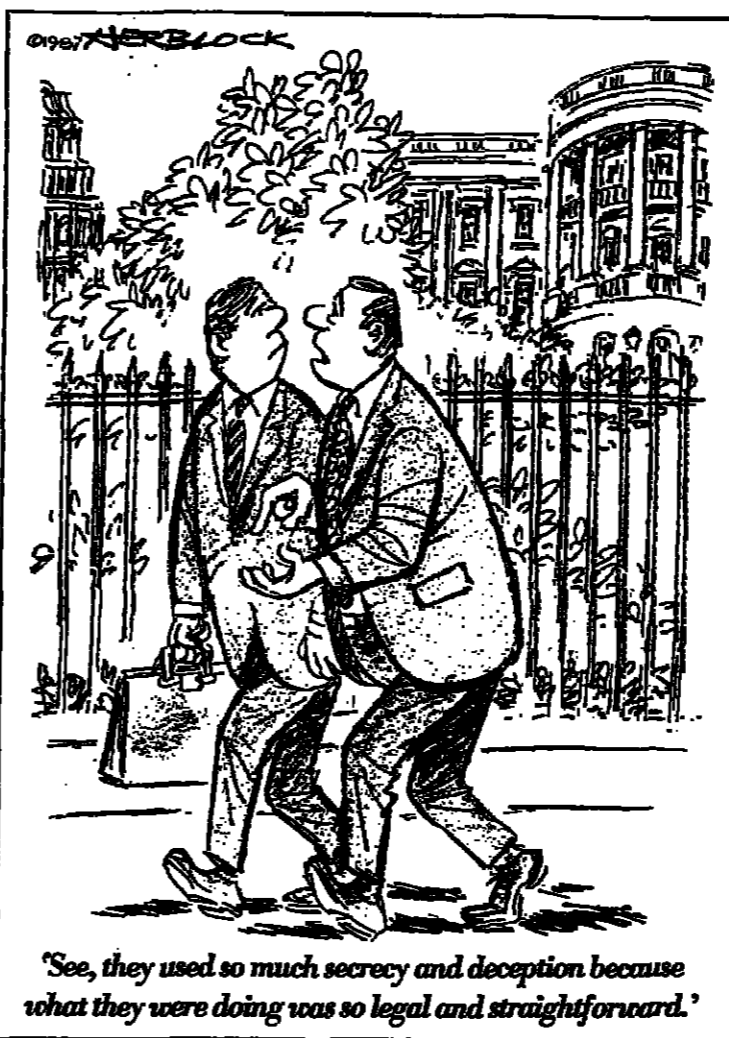
which itself was too oriented to "Cold War concepts of national security."

Mr. Katzenbach asserted that the disasters of Vietnam and Watergate had made it clear that foreign policy, to be effective, "must be based on policy and fact, not on the overwhelming majority of the American people."

Nothing was done, unfortunately, to carry out Mr. Katzenbach's recommendations that there be no further "secret subsidies of police or counterintelligence forces, no efforts to influence elections, no secret monetary subsidies of groups sympathetic to the United States, whether governmental, nongovernmental or revolutionary."

If such activities had been banned, and secret operations overseas confined to "the gathering of intelligence information," there could have been no Iran-contra scandal. The contra could not have been secretly organized and funded, as they were by the CIA at first, nor could they have been maintained later by the lies, deception and trickery of adventurers on the National Security Council staff.

U.S. servicemen are risking their lives in the Gulf, moreover, primarily to redeem the loss of American credibility and influence in the region caused by disastrous "covert operations" in Iran. The New York Times.



By Submarine to the Titanic: A Quest for Pieces of the Past

By William F. Buckley Jr.

BOARD LE NADIR — It was unmistakably a man's outdoor walking shoe, and it appeared as if being exhibited by Abercrombie & Fitch from a painting by Salvador Dali. Beneath the shoe and surrounding it was bright yellow sand. A few feet to the right, a teacup, glistening white; no saucer. And sprinkled here and there, as if to keep a tablecloth from being buffeted by the wind, chunks of black

screens giving him a remote video view of what lies immediately ahead. To his left are two more little video screens, one of them indicating the full-view action of the prosthetic arm whose manipulation permits the Nautilus to recover artifacts as dainty as a brooch. Each item is extracted with the precision of a surgeon's scalpel, and inserted into the submarine's marsupium or, if too bulky, identified with a floating flasher, to be brought up later in a basket made buoyant by plastic corks.

MEANWHILE

rock formations, about the size of a human wrist. Coal. And all of this I was seeing through a glass porthole that was a foot (30 centimeters) thick.

We were gliding over a few acres of ocean floor into which the sinking Titanic had disgorged a small part of the paraphernalia of the 2,200 people traveling exuberantly on the maiden voyage of the vessel across the Atlantic.

My job, as "observer," was constantly to strain my eyes to the right, lest we glide by the objective, and to direct the attention of Georges to any object I thought especially interesting. My problem at first was that I found everything especially interesting, which would not have been the case after six weeks of diving. (It is too fatiguing for the same divers to go down on successive days; it is one day on, two off). Soon, however, I came to know when to bid legitimately for the attention of Georges and when simply to think, "Forget it. Just one more teacup from the Titanic."

It is all being carefully husbanded, scrubbed and put back in saltwater tanks for preservation. A French naval laboratory will take it from there. Its members will have, to exhibit in museums, more than 100 articles taken from the ocean floor, including the doctor's satchel we spotted and the gentleman's gold cuff-link case.

The Nautilus is a technological miracle, but if the people who run Disney World ever decide to imitate it for public consumption, they will need to make generous alterations. On climbing out of the Nautilus nine and a half hours after entering it, I reached for a description to satisfy the curiosity of a young American associate of the sponsoring company, who wanted to know what it was like.

I was told, something like hiring John Kenneth Galbraith, Haystack Calhoun and Jackie Gleason to move into a 1950 Volkswagen Beetle and jointly play a Bach toccata on a two-console organ.

No one larger than 5 feet 6 inches (1.6 meters) can ever stretch out his legs. A cold aluminum bar bisects the stomach if you are lying down peering out of the porthole (there were six and a half non-stop hours of that), and it does the same to your back if you try to lie down on the 90-minute trip down and the 100-minute trip up. You can sit with your knees bent, but you must not lean back; you might push one of those thousand toggle switches — who knows, maybe the one that will add your watch and shoes to the collection on the ocean floor.

It is one hell of an enterprise. Universal Press Syndicate.

LETTERS TO THE EDITOR

Another Natural Antibiotic

Regarding "Scientific Sleuth and a Frog Solve a Medical Mystery" (July 31):

I have read your most unusual account of Dr. Michael Zasloff's remarkable discovery of magainins, the powerful natural antibiotic in the skin of the African clawed frog. I would like to tell of another dramatic natural antibiotic that I have used in my 40 years of surgical practice: the extract of the blooms of the fuchsia plant.

I first learned of this medication through the chief of surgery of the Fitzsimons Hospital in Denver, once the largest U.S. Army hospital in the world. Two or three mastoidectomies had customarily been performed every day on boys from camps of the Civilian Conservation Corps, a New Deal program, but after several days of using a fuchsia solution in infected ears, no more mastoidectomies were performed at Fitzsimons. I watched the colonel use this substance on acute tonsillitis patients and the problem cleared up in several days, as did grossly infected wounds. The colonel was transferred in 1941 and

I took over as chief of the service. I continued to use his treatment, and carried it with me to Europe during World War II, using it with unbelievable success as chief of surgery of a 2,000-bed surgical hospital in Barnstable, England.

Our hospital was full of infected wounds that were treated with fuchsia solution. The wounds were sutured after thorough cleansing, and practically all of them healed without any problem. Ironically, about this time the surgeon general issued an order that all wounds were to be left open for days, and, if not infected, they could then be sutured. This order only served to prolong the recovery rate by several weeks.

This also prevented our using the solution on gangrenous limbs, all of which had to be amputated. My colonel had two authentic cases during the Spanish-American War of gangrenous legs cured by using the solution. This could not be done with today's therapies. The solution is made by dissolving basic fuchsia crystals in water or alcohol; it costs about 10 cents a gallon. WILLIAM H. DUNCAN, M.D. Montreux, Switzerland.

The Rickover Reform

The pathetic ignorance of the average American high school student is not a new phenomenon ("U.S. Report Warns of 'Startling Gaps' in Humanities Learning," Sept. 1). The late Admiral Hyman Rickover was sounding the same alarm more than 30 years ago. I once heard him propose an obligatory first step for any meaningful educational reform: Take all the colleges of education in the country and put them under 40 feet of water!

KARL H. RAAB, Lille, France.

The Tiger Still Has Teeth

After perusing Leonard Koppett's opinion column, "Princeton: A Toothless Tiger Is Shot Down in Academia" (Meanwhile, Aug. 26), I decided that two great institutions, Columbia (of which he apparently is an alumnus) and my alma mater, Princeton, deserve more respect than was delivered by his article, which I found sophomoric.

I would be most interested in knowing what courses Mr. Koppett took at Co-

How to Escape a Quagmire

In "Afghanistan: The Resistance Has an Opportunity" (Aug. 18), Barnett R. Rubin says, "Moscow may be considering new ways to extricate itself from this quagmire." What new ways? Only one exists: Get the hell out in a hurry.

WILLIAM PASSIGLI, Tenero, Switzerland.

Consensus Needed in Gulf

The Western "expeditions" into the Gulf cannot but cause great concern. To permit this spirit of confrontation to ferment, perhaps reaching a bloody stage, will only exacerbate the hateful atmosphere in Iran. Furthermore, it will crush the embryonic moderate wing in the Iranian leadership.

The best solution is to develop further a world consensus that condemns the Gulf war. Regional powers such as Syria could try to persuade Iran, in its own interest, to relinquish its confrontational attitude and change its ways.

THOMAS C. PORTH, Manila.

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FADI K. AGHA, Ramatuelle, France.

ADVERTISEMENT



Doctor Fernando Santos, Ministro de Energía y Minas

ECUADOR MAKES FIFTH CALL FOR OIL TENDERS AND FULFILLS ITS HYDROCARBON EXPLORATION AND EXPLOITATION GOALS

In August 1984, the Government of Ecuador, presided by its Constitutional President, Ing. León Febres-Cordero Fivadeneyra, established petroleum policy guidelines with regard to the exploration and exploitation of hydrocarbons. Executed by the Ministry of Energy and Mines, the guidelines set out the following main objectives:

— To explore, through foreign companies, a land area of 4 million hectares, two and one half million of which are located in the Amazon region, and one and a half million On-Shore and Off-Shore, in order that, in the next four years, Ecuador may renew its potential of known reserves by approximately two billion barrels. The minimum amount of investment required amounts to 400 million dollars for 50 exploratory wells and twenty thousand kilometers of seismic lines.

— To develop, through the Petroleum Corporation of the Ecuadorian State (CEPE), exploration activities in an area of one million hectares located in areas close to the transportation infrastructure of the Amazon region, the goal being the discovery of new reservoirs with a capacity to produce at least 500 million barrels.

Since 1984, when this policy was announced, the objectives mentioned have been fulfilled up to 75% after having completed successfully four calls for tenders. Eleven contracts for the landing of services for the exploration and exploitation of hydrocarbons have been signed and the exploration of 3 million hectares by CEPE has been carried out.

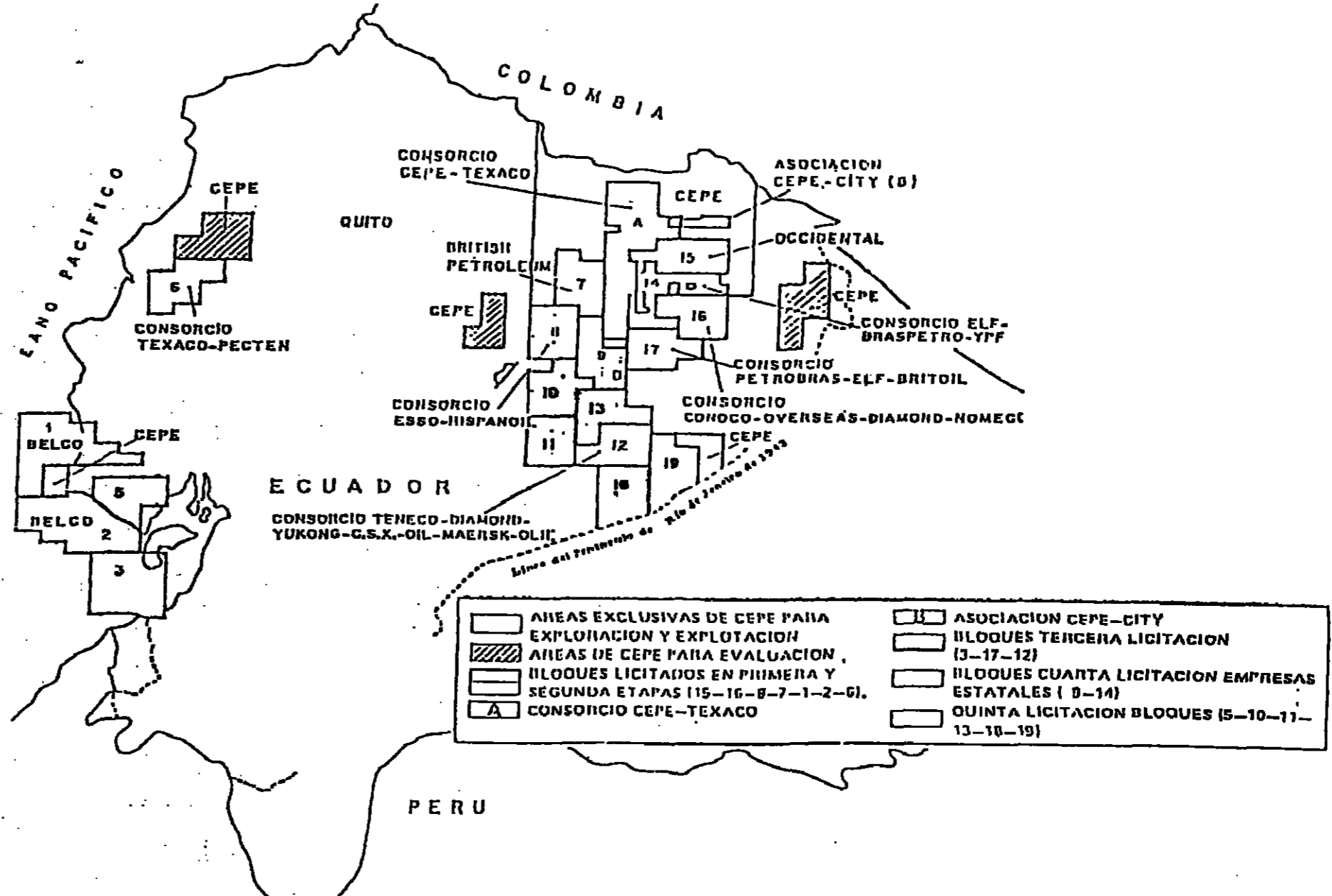
Investments secured by means of the subscribed contracts amount to 300 million dollars, which shall be used for the perforation of 46 exploratory wells and 16,000 kilometers of seismic lines. British Petroleum, Occidental and Conoco, presently in the phase of perforation, have already discovered fields of crude oil which will be developed in the next few years. CEPE is perforating 5 exploratory wells and has built 2,000 kilometers of seismic lines during this year and detected commercial oilfields in northeastern Ecuador.

At the present time, after four Calls for Tenders, 21 foreign companies associated in consortiums have invested in the country. The operators are: OCCIDENTAL, BELCO, ESSO, BRITISH PETROLEUM, TEXACO, CONOCO, TENNECO, BRASPETRO, ELF and PETRO-CANADA, which is an authentic proof of the interest in the search for petroleum in Ecuador and of the confidence in the political, economic and contractual conditions which the Government of Ecuador has implemented in the contracts for services for the exploration and exploitation of a hydrocarbon.

In June of the current year, the Fifth Call for Tenders was made, the purpose being to fulfill the goals set by the Government of Ecuador with regard to exploration. This Fifth Call for Tenders, the last one under the Government of President León Febres-Cordero, has called for tenders for five blocks in the southeastern part of the Ecuadorian Amazon region and one block On-Shore. The location of these blocks are indicated on the adjoining map.

The Government of Ecuador considers this last call as one of the most important in the contracting process as it shall evaluate half of the Amazon Basin, with its great hydrocarbon potential, and integrate the petroleum transportation infrastructure of the entire basin. Considering the conditions of economic and political stability in Ecuador, the clarity of the rules governing contracts, the equilibrium of profit sharing of the oil exploitation between the Ecuadorian State and the foreign enterprises as well as the oil potential, the Government of Ecuador trusts that this Fifth Call for Tenders will be of interest to a great number of oil companies and lead them to present their tenders on October 15, the last day for the presentation of same for the Fifth Call.

MAPA PETROLERO DEL ECUADOR



FOR FURTHER INFORMATION PLEASE CONTACT THE OFFICE OF COORDINATION OF PETROLEUM CONTRACTS, TELEPHONES: 544-939, 544-888; TELEX: 2861 CEPE ED.

NYSE Most Actives table with columns for stock symbol, volume, high, low, and change.

Market Sales table showing NYSE 4 p.m. volume, NYSE adv. comp. close, and other market statistics.

NYSE Index table with columns for High, Low, Close, and Change.

Thursdays NYSE Closing Via The Associated Press logo.

AMEX Diary table with columns for stock symbol, close, and change.

NASDAQ Index table with columns for Close, Change, and Week.

AMEX Most Actives table with columns for stock symbol, volume, high, low, and change.

Dow Jones Bond Averages table with columns for Bond, Close, and Change.

NYSE Diary table with columns for stock symbol, close, and change.

Odd-Lot Trading in N.Y. table with columns for Buy, Sell, and Change.

Dow Jones Averages table with columns for Index, High, Low, and Change.

Standard & Poor's Index table with columns for High, Low, Close, and Change.

NASDAQ Diary table with columns for stock symbol, close, and change.

AMEX Stock Index table with columns for High, Low, and Change.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Rises in Active Trading

NEW YORK — Prices on the New York Stock Exchange moved higher Thursday in active trading, responding to gains in the dollar and in the bond market. The Dow Jones industrial average advanced 26.78 to 2,576.05.

Broader market indicators also advanced. The New York Stock Exchange composite index rose 1.67 to 177.46. Standard & Poor's 500-stock index rose 3.21 to 317.13.

Analysts said the market built on the upbeat tone of Wednesday's action, when stocks posted a more modest rise. Analysts said that the market's action Thursday was more decisive, with many more stocks posting gains.

Traders said that the market continued to derive support from a strengthening dollar and from higher bond prices. But they added that many investors were reluctant to buy aggressively in advance of Friday's scheduled report on the July U.S. trade deficit.

The Dow had fallen more than 110 points since the June figures reported Aug. 14, showing a wider trade deficit than the financial markets had anticipated.

"The market gave a pretty good account of itself," said Hildegarde Zagorski, analyst at Prudential-Bache Securities Inc. But Ms. Zagorski said that the gains were "a technical reaction" to the market's recent slide.

before the Dow slides back to 2,550, or even below that level. Economists have estimated that Friday's report will show a U.S. trade deficit of \$15 billion to \$16 billion in July.

"Anything below \$16 billion would be positive," Ms. Zagorski said. "But people have been focusing on the trade deficit report all week. So unless the figures are horrendous, there's very little risk to the market on the downside."

Investors worry that if the trade deficit is steep, the Federal Reserve Board will be motivated to push interest rates higher to relieve the selling pressure on the dollar that would emerge if the trade gap is unexpectedly wide.

At the Conference Board's 1988 Business Outlook Conference Thursday in New York, the chief economist of First Boston, Albert Wojniak, predicted that further U.S. interest rate increases of a percentage point or more are likely "within the near future."

Mr. Wojniak said that the Fed is likely to raise its discount rate again in 1987 and once more in early 1988 before rates stabilize. A week ago the Fed boosted the influential discount rate, charged on loans to financial institutions, to 6 percent from 5.5 percent.

AT&T was the most active NYSE-listed issue Friday, rising 1/4 to 32 1/2. First City Bancorporation of Texas followed, falling 1/4 to 1. The FDIC pledged nearly \$1 billion Wednesday to prevent the bank's collapse.

National Semiconductor was third, rising 1/4 to 17 1/2, and Motorola climbed 1/4 to 60 1/4. Smith Barney raised by recommendations on both stocks.

Large table of stock prices with columns for 12 Month High, Low, Stock, Div., Yld., P/E, 52 Week High, Low, and Close.

Large table of stock prices with columns for 12 Month High, Low, Stock, Div., Yld., P/E, 52 Week High, Low, and Close.

Large table of stock prices with columns for 12 Month High, Low, Stock, Div., Yld., P/E, 52 Week High, Low, and Close.

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Vertical advertisements on the right side of the page, including 'And Now', 'Paris', 'Beverly Hills', 'The Hazards of Fr...', 'Arles Honors van Gogh', and 'Travelers' Medical Information'.

TRAVEL

- Beer Halls in Rome
- Glassmaker in Caracas
- The Mosques of Cairo

International Herald Tribune

TRAVELER'S CHOICE

Up the Amazon, With Experts

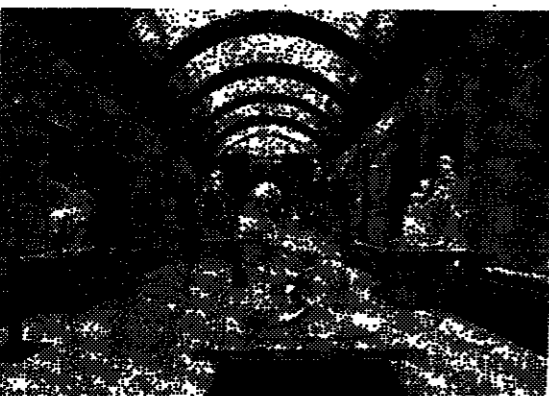
A Thousand Miles up the Amazon is the name—and the itinerary—of a cruise to be launched this fall by Special Expeditions. In a 10-day version of the trip, participants fly from Miami to the city of Belém at the entrance to the Amazon. From there they cruise on the river on the 80-passenger expedition ship *Polaris* to Manaus, with side trips on motorized landing craft. Naturalists accompany tours and help identify the exotic plants and animals of the rain forest. There are also trips that begin the ship portion in Barbados or fly to Manaus and reverse the route. Trips leave Oct. 13, 23 and 30 and Nov. 6. Prices begin at \$2,800. For information contact Special Expeditions, 720 Fifth Avenue, New York, N.Y. 10019.

Seals and Science in Antarctica

For penguin and seal followers, cruises to Antarctica offered by Society Expeditions will sail from Santiago and head to the Antarctic Peninsula, by way of Patagonia, or the Falkland or South Georgia Islands. In Antarctica, passengers visit penguin colonies, seals and scientific research stations. Trips, which range from 15 to 24 days, depart from Nov. 11 through February. Prices start at \$4,990, including a flight from Miami to Chile. For information contact Society Expeditions, 3121 Elliott Avenue, Suite 700, Seattle, Wash. 98121.

Paris Museums à la cARTte

A new pass called cARTte, costing about \$15, gains entry to more than 60 museums and monuments in the Paris area until the end of this year. The card also gets holders 5 percent discounts on books, catalogues and other items sold in the museums. Among the doors the pass will open are those to the Louvre, the Musée d'Orsay (pictured below), the Musée Rodin, the Catacombs, the Arc de Triomphe, Notre Dame and Versailles. The card can be purchased at any of the participating museums, or at the bank branches of the Crédit Agricole Mutual d'Ile de France. The program may be repeated next year, in which case the 1988 pass would be valid for a whole year.



Beverly Hills Centennial Bash

Beverly Hills is getting ready for what Mayor Benjamin Stransburg, in true film industry parlance, says will be "the gitziest, most glamorous party the West Coast has ever seen." Starting next June, Beverly Hills will hold a yearlong celebration to mark the 75th anniversary of its incorporation as a city on Jan. 29, 1914. Each month of the celebration will be dedicated to a different country. So far, according to the Visitors Bureau, plans have been made for Japan, Australia, Mexico, Sweden, Finland, France, Britain, Spain and Italy to hold individual salutes to the city. The celebrations will include outdoor concerts, food festivals, art exhibitions, an international film festival and sporting events. Several hotels in the city have announced major renovation work. The Beverly Hills Hotel will spend about \$40 million this year on major refurbishing. The Beverly Hilton recently completed a \$35 million renovation and the Beverly Wilshire, which opened in 1928, has embarked on an improvement program that will be finished next February. For information contact the Beverly Hills Visitors Bureau, 239 South Beverly Drive, Beverly Hills, Calif. 90212.

The Hazards of Film X-Ray

One of the problems facing air travelers is the X-ray scanning of photographic films at airport security checkpoints. There are ways to protect your photographs, and the National Association of Photographic Manufacturers offers the following advice: If you are traveling in the United States with regular consumer films (spends up to and including ISO 400) you may subject them to no more than five X-ray examinations in order to be reasonably certain they will not be affected; if you are traveling with some of the new ISO 1,000 and 1,600 films, you should not subject them to X-ray scanning of any kind; for travel overseas, where the X-ray devices are, in most cases, far more powerful than those used in the United States, you should ask for your carry-on baggage to be inspected by hand, a request that may or may not be granted. One suggestion, by Dean Conger, a photographer for National Geographic, who has made hundreds of trips with thousands of rolls of film, is to place films in a clear plastic bag so that the inspector can see what is inside.

Arles Honors van Gogh

Arles, the town that had Vincent van Gogh locked up in a mental asylum as a public nuisance, is finally honoring the painter after almost 100 years of neglect. The town has declared 1988 "Van Gogh Year" and it is turning the local mental hospital into an arts center and holding its first exhibition of the artist's works. Some people see the celebrations as making amends. "Old people in Arles whose parents heard tell of Van Gogh say he was treated like an alcoholic, foreign tramp," a tourist guide said. The town continued to shun his memory after he left. Reminders of his stay from February 1888 to May 1889—one of the most creative periods in his life—are almost nonexistent. Among the tributes in Arles, a local art group will be asking prominent living painters to donate art works for a collection in memory of van Gogh.

Travelers' Medical Information

MediAlert, a nonprofit foundation, provides a card and bracelet or neck chain that convey medical information about the bearer and so could save a traveler's life. Identification packets are available for \$20 from MediAlert Foundation, either at Post Office Box 1009, Turlock, California, 95381, or Room 1812, 475 Fifth Avenue, Room 1812, New York, N.Y. 10017.

Málaga: Easygoing, Much Invaded

by Mary Peirson Kennedy

MÁLAGA, Spain — On Aug. 19 Málaga celebrated the 500th anniversary of the incorporation of the city with the crown of Castile. It took the forces of the Catholic monarchs Isabel and Ferdinand little more than three months to defeat the Arabs who had been in power for 776 years. Ali Durdud, the chief who surrendered the city, stayed on to be head of the Moorish community, whose citizens dwelt peacefully for many years beside the Catholic conquerors.

Easygoing and accommodating is how the Malagueños — surrounded by protective mountains and blessed with a seductive climate — describe themselves. Málaga's history has been dominated by invaders. Cro-Magnon tribes settled here in prehistoric times, the Phoenicians arrived in the 12th century B.C., the Romans gave it city rights in A.D. 81. The Visigoths, Vandals, Turks and Tunisians all thundered into Málaga and made it one of the most important ports on the Mediterranean. But the biggest influence of all was the Arabs, who brought a sophisticated culture and a love of the arts when they conquered the city in the eighth century.

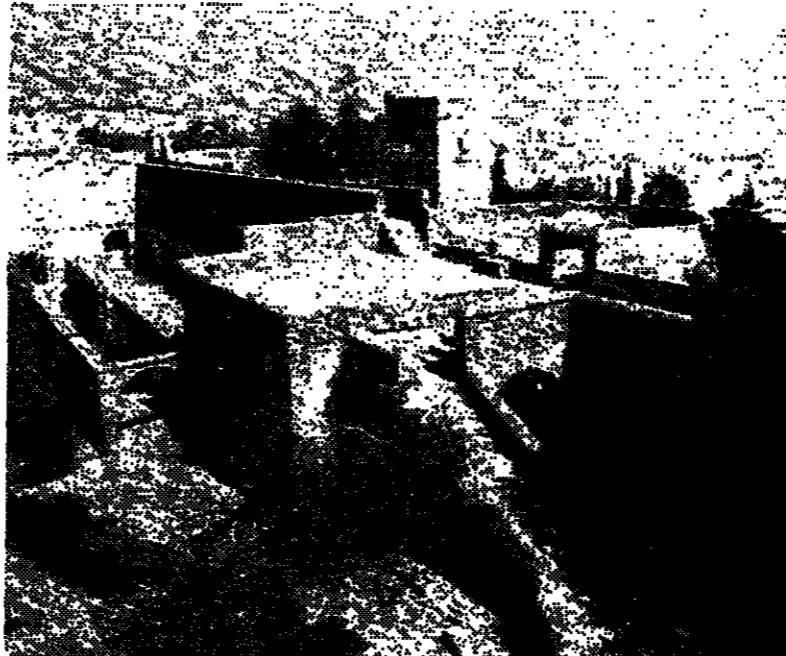
After the desperate years following the Civil War, when Spain was shamed by Europe (and starvation rampant), in the 1950s a new invasion began. The northern hordes of Europe descended upon Torremolinos, Fuengirola and Marbella to the west and Nerja and Torre del Mar to the east, finding a vacation paradise of sun and friendly people. Although the prices are higher, the beaches more crowded and the crime rate up, Málaga continues to be the capital of one of the greatest resort areas on the continent. After five centuries even the Arabs have returned, bringing with them their banks, mosques and petro-dollars.

Málaga has always been more open to new ideas and cultures than the traditional cities of Andalusia such as Córdoba or Granada. The result of this, some feel, is that Málaga has no character of its own.

Not so, say others, "they are the friendliest people in all of Spain, the Malagueños have *duende*." *Duende* is hard to translate; Spaniards will say a thing, a place or a person has it, but that is all. The dictionary says, "mysterious and ineffable charm."

Critics will say the city has been spoiled by lack of urban planning, ruined by tourism, and that the friendliness is gone. The truth is probably somewhere in between. In spite of the many changes brought about by tourism, much has remained the same. Everyone still looks for the *bianogero* in the spring (the flower seller who makes and sells *bianogeros*, a clever arrangement of jasmine artfully spiced on juniper stalks).

Malagueños continue to be one of the largest consumers of fish in the country and while the *cancheiro* (the fish seller) has disappeared from the streets his songs are remembered with the *sietas del cancheiro* song fiestas. In spite of the law prohibiting



Some of Málaga hasn't changed: Top, the Gibralfaro ruins; right, a flower vendor; far right, a statue of the traditional fish seller.

their sale, everyone keeps right on eating *chanquetes*, a tiny fish in dire threat of extermination, but which fried in flour is simply delicious.

Every year on the first Friday in March at least 40,000 Malagueños make their pilgrimage on foot to kneel before the Cristo de Medinaceli, a venerated statue of Christ the Redeemer at the church of Santiago on Calle Granada — to ask for help or give thanks.

The old part of the city centers on Calle Marques de Larios, from which spreads a web of tiny streets, many too narrow for cars. There is the cathedral that boasts of being the oldest unfinished cathedral in Europe, with a tower missing. The Granadinos say that if the cathedral was in Granada it would have been finished centuries ago, but here they just shrug their shoulders and laugh. Or they will remind Americans that once in the late 1700s they actually had raised the money for the tower and gave it to the Americans instead. They will say, "Isn't it better that you won your war

against England and we continue with *La Manquita*? (The imperfect one, the familiar name that Malagueños give their cathedral.)

It was started in 1528 in Renaissance style, but many architects had a hand in creating a temple of worship that also encompasses Gothic, Romantic, Roman and Baroque elements. It is sumptuous, with its soaring arches and magnificent works of art of many early Spanish painters and sculptors. Not far from here is the Museo de Bellas Artes that has some childhood drawings by one of Málaga's most famous sons, Pablo Picasso. These will eventually be transferred to the painter's birthplace on the Plaza de la Merced, which is being restored as a museum.

One of the most outstanding views of Málaga is at the top of Gibralfaro, a thousand-foot rock with fortifications and a palace, the Alcazaba, that was once the heart of Arab Málaga. One can take a taxi or a horse-drawn carriage to the top. The drivers of the latter manage to maintain a



leisurely pace in spite of the traffic, but set the price beforehand.

Once at the top of Gibralfaro one can retreat into the cool terraces of the government parador there, and while sipping a drink or dining gaze down at the port, the ships at sea, the cathedral, the bullring and the coast beyond the city.

This year is also the 90th birthday of the park in the center of town. With 160 species of plants, trees and flowers it is considered one of the outstanding such parks of Europe. Built on land reclaimed from the sea at the end of the last century, it is full of secluded little parks within the park and outdoor cafes. In the middle is the old Victorian city hall.

"Finally at the end of the 1980s we are pulling Málaga into the 20th century," said Dr. Pedro Aparicio, a Socialist who has just been elected to his third term as mayor of the city. (Unlike many cities where the Socialists lost votes in the last local elections, Málaga came on stronger than ever for its energetic young mayor.)

Naturally, Málaga, population 573,000, has its problems, but there seems to be an all-out effort to make things better. This year the completely refurbished Teatro Cervantes opened its doors, giving back to the Malagueños their long-absent and popular theater.

When the Socialists took over eight years ago, a top priority was to bring the arts back to Málaga. Today cultural events abound. The excavated Roman theater near the Alcazaba holds a yearly international theater festival.

The dates of the annual *ferias* were advanced this year to coincide with the city's anniversary. This is one of the wildest, gayest fairs in Andalusia, with flamenco dancing, pop groups, sporting events, top bullfights. And it paid homage not only to the conquerors but to those long-vanquished Arabs and their contributions.

Mary Peirson Kennedy is a journalist based in Spain.

French Baker Learns From German Bread

AIX EN PROVENCE — Jacques Collet, boulanger, is standing in the middle of his tiny bread shop nestled in a tree-shaded square in the center of town. He picks up a round, golden crusty loaf of *pain de tournesol*, breaks it in two, sniffs, then grins.

"Not enough salt," he sighs, speaking more to himself than to the handful of customers crushed into the fragrant shop. The shelves are overflowing with breads

of all shapes and sizes, setting off a happy marriage of aromas, some pleasingly familiar, others too fleeting, or too subtle, to identify.

There are round breads and baguettes, compact molded breads bursting with oatmeal and barley, sunburst-shaped creations packed with crushed sunflower seeds, humorous mushroom-shaped breads filled with,



of course, mushrooms, long breads packed with fresh Provencal herbs and tiny black olives.

On a counter set off to the side, customers pick up a simple yellow printed sheet, offering a long list of non-traditional French breads. It's the *Boulangerie du Coin* menu, listing the 65 breads that Jacques Collet has dreamed up, about 28 of which might be offered on a given day. You might call them designer breads, for each loaf is created with an end in mind, like the golden saffron and anise-flavored loaf designed as an accompaniment to the Mediterranean fish soup, *bouillabaisse*, or his pain *lité*, for the modern, sedentary Frenchman. Like the neighborhood *bistrot*, he offers a litany of daily specials: If this is Tuesday, you can be sure he's baked anchovy bread, as well as an unusual, pale-green bread fragrant with *algae*.

As one pursuing the most traditional of professions in tradition-bound France, Jacques Collet is a bit of a maverick. But by wisely combining modern marketing strategy with an understanding and respect for France's bread-baking tradition, this 33-year-old neighborhood baker has created a most successful business. And it seems that he has only just begun.

Some 10 years ago, after studying to be a judge, Collet was working in a bookstore when he and a friend decided to go into business. They rented a storefront, made croissants and pain au chocolat, and were off and running. Collet decided he liked the business, and knew that, if he was to succeed in the way he wanted, he'd have to do something different.

Perhaps because he lacked training as a traditional French baker, this son of a fabric salesman could see beyond the baguette. According to his way of thinking,

the Germans, not the French, made the best bread in the world. So soon he was off to Heidelberg, where a friendly baker took him in, shared secrets, let him bake and learn all there was to know about various grains, helping him distinguish the good wheat from the bad.

In 1981, in the very neighborhood in which he grew up, Collet set about building his own wood-fired bread oven, and began making baguettes. "It was then that I realized that bread-baking was one *métier* in France where, if you are willing to work hard, you can make a very good living, just by making baguettes and selling them to restaurants," he said.

But he was looking for more than a living. He devoted the first six months to being accepted as a neighborhood baker, slowly building a clientele. Once that was secure, he began making *fantaisie* breads, based on those he'd seen in Heidelberg, using grains and flours imported from Germany. In the beginning, he gave the breads away, as he tried to convince his traditional customers to warm up to his unorthodox shapes and combinations.

"I saw how hard it was for some people, especially those of my parents' generation, who had been traumatized by the war. All they could remember of the war was hunger, and when there wasn't hunger, there was black bread. I understand why today in France white bread is still the symbol of prosperity, wealth, the absence of war, while black bread reminds many of poverty, hunger, deprivation," he said.

Today, Collet owns two neighborhood boulangeries, with two more to open within the year.

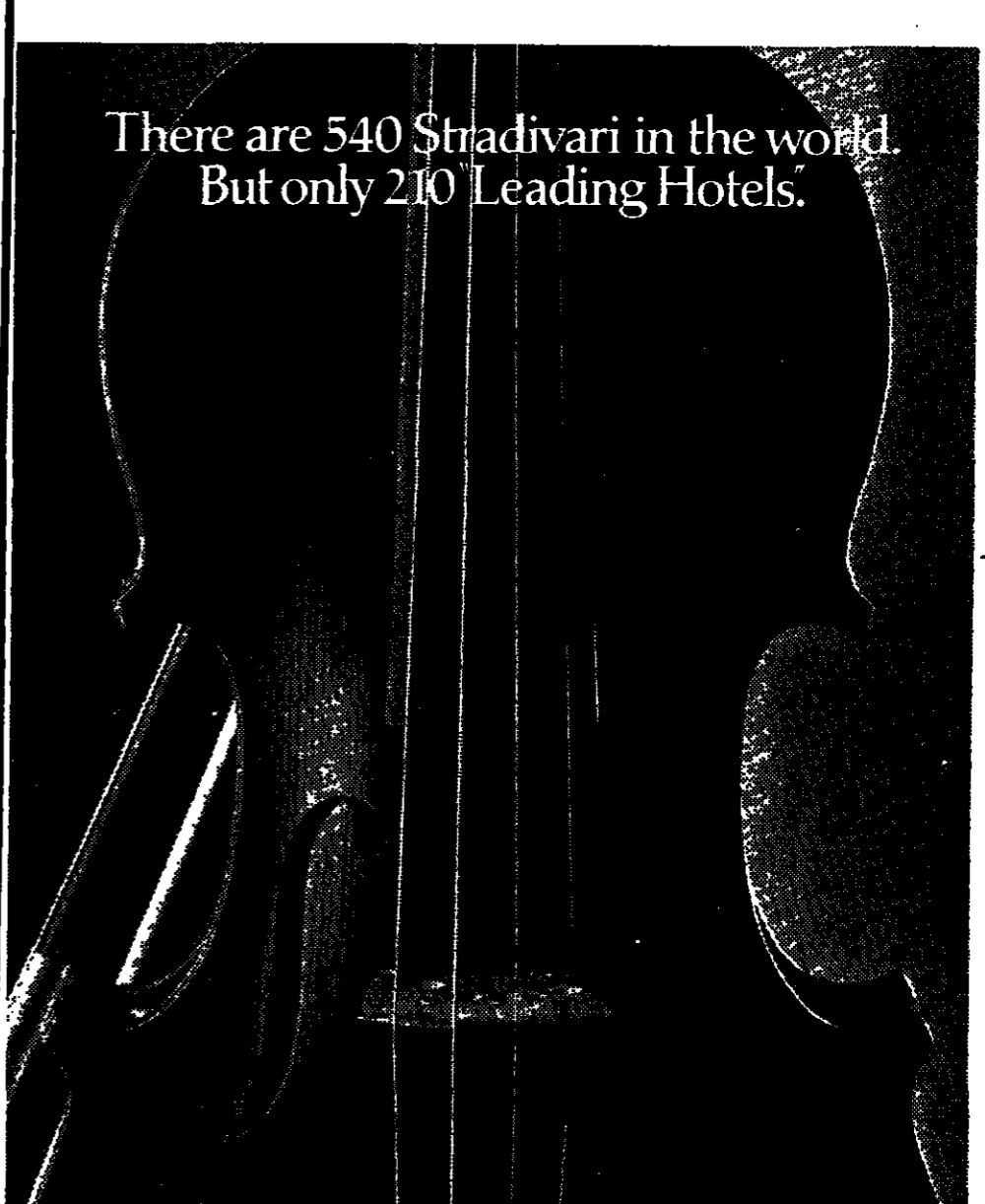
What's best about the story, though, are the breads themselves. Collet may be in business, but he has a palate and high standards. Unlike many so-called health breads, which tend to be pale, heavy and often indigestible, his breads have a golden, finished, professional quality and robust, health-inspiring flavors.

Everything he's touched, though, has not turned to gold. Sometimes his creations are just too unusual for the 500 or so customers who make up the bulk of his clientele.

Once he created a mixed grain bread he called *pain tonique*, designed for the sports-minded Frenchman. It didn't sell. So he changed the name to *pain riche de Savoie*, and created a story to go with it.

"I began explaining that this was a traditional bread of the Savoy. That just before the farmers in the Savoy would go off on the journey to lead their cows to the mountain pastures in springtime, the housewives would make a wholesome bread filled with whatever they had in their larders, raisins and dried plums, a mix of nuts designed to give the men strength on their long trek. The bread took off, and people even began to tell me that they knew of the bread, that they'd seen it while vacationing in the Savoy, or that they knew someone's grandmother that still made the bread. But I can't lie, my customers are my friends, so once the bread actually became popular, I had to tell them the truth."

Boulangerie du Coin, 4 Rue Bouleçon, 13100 Aix-en-Provence. Tel: 42.21.49.69. And 18 Rue Gaston-le-Saint, 13100 Aix-en-Provence. Tel: 42.23.18.63. Open 7 A.M. to 1 P.M. and 4 to 8:30 P.M. Wednesday, Friday and Saturday; 7 A.M. to 8:30 P.M. Tuesday, Thursday and Saturday. Closed Monday.



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TRAVEL

A Small Country-House Inn In Heart of Wordsworth Land

by Leslie Bennetts

FROM the road — the same road once walked daily by William Wordsworth and such semipermanent house guests as Samuel Taylor Coleridge and Thomas de Quincey — there is no sign of Michael's Nook, only a narrow country lane winding up a hill through vivid green pastures dotted with sheep and wobbly-legged lambs.

However, those who make their way up the hillside near Grasmere, England, will come upon a stone gate bearing a polished bronze plaque that reads: Michael's Nook Country House Hotel.

Two hundred years ago, these hills were the home of a shepherd named Michael, who was immortalized by Wordsworth in a poem. More than a century ago, a Victorian industrialist built a mansion on the hillside, nestled under a stand of trees. He named it Michael's Nook, in honor of Wordsworth's shepherd.

These days the big ivy-covered stone house is still a residence, but one shared with travelers. It was purchased 20 years ago by a Grasmere antiques dealer, Reg Gifford, and since then it has become one of the better small country-house inns in England.

Nearby in the Lake District — arguably the most scenic region in all of England and

the inspiration for so much Romantic poetry — there are several better-known hotels, including Miller Howe, which overlooks Lake Windermere. While some of these hotels accommodate dozens of patrons every night in their dining rooms, Michael's Nook is more intimate, typically serving no more than 20 people each evening.

And in contrast to the larger hotels, it has more of the feel of an old-fashioned English country house; a Great Dane named Jake wanders through the living room, where overstuffed chairs are clustered around a fireplace, and a gallery of dog portraits and fox-hunting scenes line the forest-green walls of the bar. Also sharing the premises are a parrot named Samuel, two Chinchilla Persian cats named Tallulah and Smidgen, and a Russian Blue called Lara.

Gifford and his wife, Elizabeth, have created an atmosphere in which visitors feel more like houseguests than tourists in a commercial establishment. "You're living in someone's home, and enjoying all the nice things about this style of living," said Gifford.

Michael's Nook has nine double rooms as well as two new suites "built out of my old coach house," Gifford said. The bedrooms are each decorated differently, and one with a four-poster bed and yards of flowered chintz is particularly charming. The smallest room is postage-stamp-sized while the larger

of the suites has a terrace and a spiral staircase connecting the bedroom with a sitting room that has a view of the Cumbrian mountains. All the rooms are furnished with such amenities as sandalwood sachets in drawers, lavender in closets, bath herbs in the tub and a hairdryer in a bureau drawer.

The furnishings range from ornate clocks to gilt-decorated furniture to Gifford's collection of 18th- and 19th-century barometers to a 17th-century oak sideboard displaying an array of early Mason's ironstone. Elizabeth Gifford takes care of the flowers, including seasonal arrangements in the mahogany torchères flanking the living room fireplace.

The Giffords' hotel career was originally inspired by necessity. "I bought the house as a private home, and I wanted to stay living here, so the house had to sort of pay for itself," Gifford explained. "For the first six months it was traumatic — you felt people were invading your home — but now I'm just pleased they can come and enjoy the house and the garden, the furnishings and the food."

The chef, Andrew Eastick, formerly worked at the Dorchester in London; his wife, Nicola, is the pastry chef.

Breakfast and a five-course dinner daily are included in the price of accommodations, which ranges from about \$99 to \$190 a person a night. Among breakfast choices might be grilled tomatoes, mushrooms, egg-bacon and French toast triangles, or kedgeree and marmalade with croissants, along with such staples as cereal, fresh juice, and coffee or tea.

For hikers or picnickers, the hotel will pack box lunches (each costs about \$10), a repast that could include wedges of pâté, cheese, bread and crackers, apples and oranges, salad and cookies.

Michael's Nook also accepts reservations for lunch and dinner from those not staying at the hotel. (Lunch, which is four courses plus coffee and petit fours, costs about \$30 a person, and dinner, five courses and coffee and petit fours, is about \$43.) Resident guests are requested to make their dinner selections at tea time as they peruse the evening's menu over a selection of scones and cream, shortbread and fruitcake.

The dinners begin with cocktails and hors d'oeuvres in the bar and move on to the seated meal in the dining room, painted a deep ruby-red and lighted from the crystal chandeliers and silver candelabras.

Menus change daily, but one might be offered a parfait of chicken livers perfumed with port and truffle, served with warm spiced bramble jelly and toasted brioche, then roast leg of lamb filled with prune and



Reg and Elizabeth Gifford with their Great Dane puppy and one of their cats.

Photograph by Jonathan Pevor

apple stuffing, and finally a sticky toffee pudding with vanilla ice cream. On other nights, guests might dine on poached prawns (from Loch Linnhe) in a cream sauce enhanced with Drabmide and deep-fried sausage of Caspary cheese with a leak fondue, with sautéed calves' liver in shallot and sherry vinegar sauce or sautéed breast of duckling in a wild mushroom sauce.

Finally, when satiated diners drift from the dining room back to the bar, they are presented with coffee and petit fours.

The wine list shows some breadth among Bordeaux and Burgundies, but it thins out considerably elsewhere.

Several reasonable choices among the red wines include a 1982 Mercuray (\$21), a 1983 Pernand Vergelesses (\$32) and a 1981 Brunello de Montalcino (\$24). Among the whites, one might stay with Louis Latour's 1985 Macon Lugny (\$19) unless you want to head into the stratosphere. The wine service is caring, but the narrow cut-crystal glasses are more elegant than practical, particularly for the red wines.

Many visitors manage to walk off the evening's caloric onslaught by day, hiking through the meadows and pastures ribboned with stone walls or climbing up into the surrounding mountains, which have names like Silver Howe, Helm Crag, Stone Arthur, Heron Pike and Rydal Fell.

Those who prefer to travel by car will also find many places of interest in the vicinity. These include such literary landmarks as Dove Cottage in Grasmere, Wordsworth's home from 1799 to 1808 and the place where he produced most of his best work, and Rydal Mount, a few minutes away in Amble-

side, where the poet lived from 1813 until his death in 1850. Also nearby are Wordsworth's birthplace in Cockermouth and his gravestone, alongside those of his sister, brother, wife and children, in the churchyard in Grasmere.

Not far away are Hill Top, the 17th-century farmhouse in Near Sawrey where Beatrix Potter wrote her Peter Rabbit books, and Braxwood, the house on the eastern shore of Coniston Water where John Ruskin lived for the last 28 years of his life.

Wordsworth described the Grasmere area as "the loveliest spot that man hath ever known," an easy idea to believe while gazing at the Lake District's fells jutting steeply upward on every side as the region's volatile skies cast brilliant patterns of sunlight and sudden shadow across the emerald landscape.

The driveway up to the house is lined with polished brass lanterns atop wrought-iron lampposts, and, on the far side of the wide green sweep of lawn, a white garden bench is placed under a stand of fir trees.

All over the grounds are flowers in bloom; in spring they range from drifts of daffodils cascading down banks to trees heavily weighted with pink magnolia blossoms to stone urns brimming with primroses, bluebells, tulips, pansies, narcissus and geraniums.

Although summer is the busiest season for tourists, the hotel is open throughout the year, with highlights of the winter season including a party at Christmas with carol singing on Christmas Eve and a roast turkey dinner Christmas Day.

There is another party on New Year's Eve, with a nine-course dinner featuring roast goose and such Scottish touches as haggis and neeps, smoked Scotch salmon and cock-

leekie.

© 1987 The New York Times.



The stone house has 11 rooms for guests.

Beer Halls in the Heart of Rome



The Birreria Tempera, founded in 1906.

by Ruth E. Gruber

ROME — It's a sultry summer night and the place is packed. Voices and laughter echo under the vaulted ceilings and cigarette smoke mingles with the humidity. Sweating waiters place foaming mugs of beer on scarred wooden tables. They stagger through the room under heavy steaming trays of wurstel, sauerkraut and goulash.

You could be in Germany. But you're not. Welcome to Rome, to the Birreria Tempera, one of the oldest and most popular of a growing number of beer halls in Rome.

Welcome, in fact, to Italy, where beer drinking has become chic and beer consumption has nearly doubled from the past decade.

Beer halls — birrerie — are cropping up all over Rome, and more and more bars offer not only frothy tankards from the tap, but a selection of as many as two dozen different types of specialty beers, both domestic and imported. Where once it was sometimes hard to find local brands, small town supermarkets now display shelves full of Italian, Irish, German, Belgian and even Czechoslovak beers.

American beers are slated soon to join them.

According to Marco Peroli, spokesman for Italy's largest brewery, Birra Peroni, the shift toward beer drinking is due in large part to a fundamental change in the Italian lifestyle as well as to what he called an "identity crisis" in Italian wines, brought into high relief a year ago by a scandal in which people died after drinking cheap wine fabricated out of poisonous methyl alcohol.

"The lifestyle has changed a lot," Peroli said at the Rome headquarters of the brewery, which, founded in 1846, accounts for about one quarter of beer sales in Italy. More and more offices and shops stay open through the afternoon, he noted, rather than closing for the traditional *riposo*. "There's the so-called fast-food: people snack at noon for lunch, they no longer go home for a midday meal."

In addition, he said, "there's a trend to drink less alcohol, in part due to the environmentalist phenomenon. People want to drink more natural products."

"Above all," he added, "beer has over-

come the seasonal barrier. Traditionally, beer has been drunk in the summer, as a thirst-quencher. Now, people drink it year-round. It's a big change in consumer habits."

Italians still drink less beer than other Europeans, but the trend toward beer drinking has seen annual consumption jump from 12 to 13 liters per person 10 years ago to 20 to 21 liters today — still a long way below West Germany's record 150 liters per person, or even France's 50 liters.

At the same time, annual wine consumption in Italy has plummeted from 110 liters per person in the late 1960s, to about 73 liters today — a postwar low.

Advertising beer as a healthy, youth-oriented, and above all fun drink, helped the trend. Italy's 10 main beer producers launched a joint advertising campaign in 1978 with TV commercials featuring one of Italy's most "in" stars, Renzo Arbore.

Common Market agreements also made it easier to import beer like Irish Guinness and Belgian Chimay, and Italian brewers began turning out their own specialty brands, with fancy labels, to compete.

You can get beer in virtually every bar or sidewalk cafe in Rome, and even in most restaurants and trattorias. Fast-food outlets and bright new sandwich emporia spotlight beer as the perfect drink for a faster, less traditional lifestyle.

The birrerie, however, remain the real heart of Italy's beer-drinking culture.

They run the gamut, from high-tech beer and pizza parlors to traditional German-style beer halls specializing in sauerkraut, wurstel and similar dishes — with an Italian touch.

Trovarema, a weekly guide, lists more than 50 birrerie or pubs — and there are many others. Fifteen years ago there were only a handful.

My favorite has long been the Birreria Tempera. It's on via di San Marcello, just off Piazza Santi Apostoli near Piazza Venezia and the Trevi Fountain.

Little has changed since I first started going there years ago as a student — except the lunchtime menu is more extensive and the quality of beer is better.

Founded in 1906, the Birreria Tempera is family-owned by Renato Tempera and his son, Fernando, Renato and his brother Giuseppe, who died last year, were almost liti-

ally born in the beer hall — their parents worked there and when they died, the two boys were adopted by the original owner, who willed them the establishment in 1952.

It occupies two cavernous, wood-paneled rooms with cream-colored vaulted ceilings decorated with old-fashioned paintings of rustic-style cupids and slogans extolling beer.

"He who drinks beer lives for 100 years," reads one slogan at the entrance near the big counter behind which waiters draw draft light or dark beer in three sizes of mugs.

Other slogans read, "Beer gives strength and health," "Drink beer in every season," and "Beer nurtures and refreshes."

At lunchtime, office workers crowd in for quick meals from the extensive cold buffet of salads and cold cuts or dishes like smoked pork chops or salt cod (*bacala*) that can be quickly heated, hamburgers and even a few pasta dishes. You can eat very well for \$7 or \$8, less than half the average minimum of a regular trattoria.

"We've remained a traditional birreria," said waiter Pippo Rinelli. "At lunch we have a lighter, more varied menu for the office workers who come in every day. But at night we carry on the classic birreria traditions. Naturally people are drinking more beer now. Today it's hard to find good wine that doesn't cost a lot of money. But you can't fake beer."

There are several other birrerie near the Tempera. Across Piazza Santi Apostoli, for example, is another long-established beer hall, the Birreria Santi Apostoli. It's more upscale than the Tempera, with a piano bar, and also serves Peroni beer.

Around the corner, heading toward the Trevi Fountain, is a modern Birreria/Pizzeria. With its plate-glass picture windows and contemporary design and decor, it's a different world from the traditional Birreria Tempera.

There are several well-known birrerie, too, in the famous shopping area near the Spanish Steps and Via Veneto. There, Peroni recommends Birreria Albrecht on via Crispi, which specializes in Austro-Hungarian cuisine.

Ruth Gruber, formerly with United Press International, is a free-lance journalist based in Italy.



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Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table of NYSE stock prices including columns for High, Low, and Change. Includes sub-sections for (Continued) and NYSE High-Lows.

Table titled 'NYSE High-Lows' listing various stocks and their daily price ranges.

Table titled 'AMEX High-Lows' listing American Stock Exchange stock prices and ranges.

Main table of international stock prices for various countries including Canada, Europe, and Asia.

U.S. Futures

Via The Associated Press

Sept. 10

Grains

Table of grain futures prices including Wheat, Corn, and Soybeans.

Metals

Table of metal futures prices including Copper, Aluminum, and Zinc.

Livestock

Table of livestock futures prices including Cattle and Hogs.

Currency Options

Table of currency option prices for various international currencies.

NYSE High-Lows

Table of NYSE high and low prices for various stocks.

AMEX High-Lows

Table of AMEX high and low prices for various stocks.

Paris Commodities

Table of commodity prices from the Paris market.

London Commodities

Table of commodity prices from the London market.

Dividends

Table of dividend payments for various companies.

London Metals

Table of metal prices from the London market.

Spot Commodities

Table of spot commodity prices.

U.S. Treasuries

Table of U.S. Treasury bond yields and prices.

DM Futures Options

Table of DM futures option prices.

U.S. Futures

Via The Associated Press

Sept. 10

Food

Table of food futures prices including Coffee, Sugar, and Cocoa.

Metals

Table of metal futures prices including Copper, Aluminum, and Zinc.

Livestock

Table of livestock futures prices including Cattle and Hogs.

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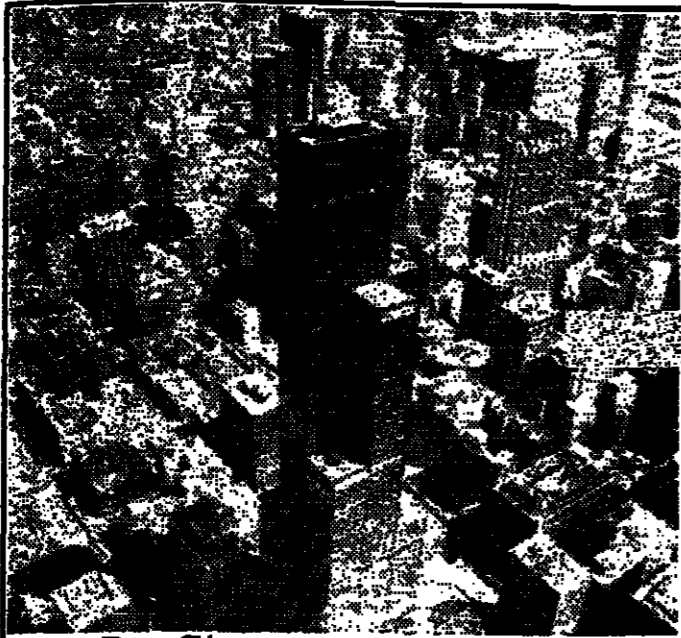
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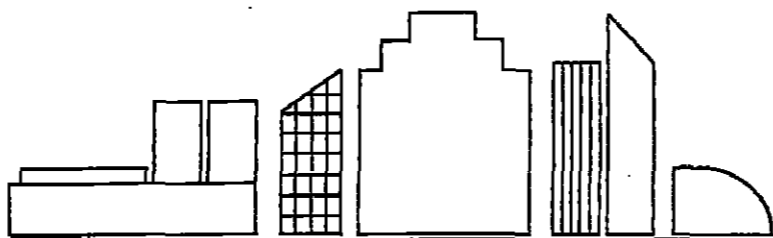
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Sears Tower, Chicago



Trends in North American REAL ESTATE



San Francisco Skyline

A Look at the Regional Markets

FOREIGNERS are attracted to America by the size of the market, their own strong currencies pined against a weak dollar and a lack of suitable markets at home.

European investors, especially the Dutch and English, were the first. Then came nouveau-ol-riche Arabs and syndicators. The most recent wave from the Far East may

prove to be the biggest yet. They should all be aware, however, that American real estate is not one market, but several.

Boston

The Boston area is generally considered to be the most solid real-estate market in the United States today.

"The first thing that determines real-estate value is economic activity," notes Sheppard Davis, a director of Salomon Brothers.

Boston's high-tech economy is so hot, the only thing that can slow it down now is a labor shortage caused by lack of housing. Only this year did New York supplant Boston as the most expensive housing market in the nation.

Central Boston faces geographic and regulatory boundaries. These limits, plus the high absorption rate in office buildings currently on the market, should keep office demand strong for some time.

A recent study by Johnstown Institutional Investors ranked Boston the best apartment market for investors in the country. "Generally speaking, housing is very tight," notes Laurel Schreiber, sales

director for Stanmar Developers.

In residential Boston, however, there are still bargains to be had. "Some sections of the city have problems," Schreiber says, "because everybody jumped in at once. Some areas are overdeveloped and are suffering a glut."

Even at the luxury end of the market, older couples and young families quickly fill luxury condominium projects like Rose Wharf, The Heritage and Hampden Place.

Demonstrating the need for high-end housing, Stanmarers have created a seller's market.

New York remains the Developers quickly sold out the first two buildings of The Farm, a development in suburban Newton. Ultimately, the project will comprise seven buildings of five stories each.

Demand is so strong that by the time development is complete, some units may sell for over \$1 million, Schreiber says.

New York Like Boston, New York's geographic and regulatory barriers and financial capital of the world. "That will continue," predicts Sheppard Davis. "Although on the margin some companies are leaving, existing companies in New York are expanding."

The vacancy rate in its prime office market is correspondingly low, at about 11 percent. "New York City is riding the bull market," adds Dave Shulman, vice president for real-estate research at Salomon.

According to Dave Mach-

lica, director of real estate for Laventhol & Horwath, as new space becomes available, tenants move up, freeing space in Class B buildings. In February alone, 1.2 million square feet of office space were leased in Midtown Manhattan.

New York's suburbs, except for Northern New Jersey, are not faring as well. Long Island has a 13 percent vacancy rate. In Fairfield County, Connecticut, the average is 15.3 percent and higher in more expensive areas.

(Continued on page 14)

Wall Street and the Globalization of Real-Estate Capital

LAST summer, the Wall Street investment banking firm of Goldman Sachs engineered the sale of 666 Fifth Avenue in New York for \$300 million. While this is hardly news, the amount of time it took — one month — was extraordinary. The deal is testimony to the accelerated real-estate market that Goldman itself has helped bring about.

Today the torch of real-estate investment has passed to Wall Street's number crunchers, investment bargain hunters and high turnaround artists. This, in turn, has meant the globalization of real-estate capital.

Salomon Brothers invented real-estate investment banking in early 1985. Unlike straight debt financings, it brings the full weight of Wall Street expertise to bear on property transactions. Instead of simply marching a buyer to a seller, firms like Goldman and Salomon also investigate public-debt offerings (in Tokyo and London as well as New York) and European-based interest rate swaps.

Private investors still band together to buy and sell real estate or mortgages. But the new financing deals dip into world markets, pull together Eurobond shares, or reach out to a Japanese bank — wherever they can arrange the best deal for their client.

Timing has become crucial. Each day — or hour — means changes in market rates and mounting interest on the property. "By each passing day, a developer is losing his ability to finance or sell a property and say to himself I did it optimally," comments Steve Manolis, who heads the real-estate department at Salomon.

A typical Wall Street real-estate deal, such as the sale of a major San Francisco building last summer by Goldman, involves four steps.

Goldman first forms a deal team with a team captain, usually a vice president, calling

the plays. The team explores the local market, sometimes posing as prospective purchasers or renters.

Photographers and graphic artists help put a deal book together describing the building. Next the team selects a lender or obtains a property rating (if public financing is involved), probably from Standard & Poor's.

Using the deal book, Goldman representatives feel out prospective clients. "We're in the market all the time," says Ken Brody, manager of Goldman's Real Estate Department. "We know everyone in the world's appetite."

In the case of the San Francisco building, the short list eventually narrowed to six insurance companies, three domestic banks and five Japanese banks.

After David Porter, a member of the deal team, traveled to Tokyo, the list narrowed further.

On August 15, Sumitomo Bank of Japan agreed to buy half of the building and Algeme Bank Nederland the other half. The third step, documentation, means putting the deal on paper. This can take over a month if government filings or other red tape is involved.

The final step, perhaps the most important of all, involves fine-tuning until the right financial mix is found. The fixed-rate alternatives involve a domestic public offering, medium-term note issue, a Eurobond offering and private placement. The other al-

ternatives are commercial paper or a LIBOR (London-based bond), both with an interest-rate swap.

"Our objective," says Goldman's Tom Healey, "is to find financing, then to execute the transaction. It's not just knowing the markets. It's understanding real estate."

The individual investor might well wonder where he fits into the world of high-market real estate — especially since tax shelters and other investments in real estate are now fair game for the IRS.

Prior to 1984, when Section 897 of the Tax Act went into effect, foreigners could "play games with treaties to avoid

U.S. taxes," says Martin Shenkman, a Manhattan lawyer who writes about real-estate investments.

No more, Shenkman says. With the new limitations on deducting interest expenses and the new Immigrant Capitalization Rules, "All of a sudden, people who had no concern about U.S. taxes while owning property are going to be unpleasantly surprised," Shenkman says.

But overseas investors can take advantage of the new wave of Wall Street investing. Salomon, for example, offered three public REITs and MLPs recently. REIT stands for Real Estate Investment Trust, or a

group of investors looking for equity investments. REITs offer liquidity — like stock, the investor can sell at any time.

This liquidity has its pluses and minuses. It means the investor is not tied to any single property, only to the REIT itself, much like any stock offering. The Internal Revenue Service, however, considers it "active," or portfolio income, not passive income.

MLPs are Master Limited Partnerships, or publicly traded limited partnerships. Typically, these combine a large number of property holdings into one partnership. MLPs are actually made up of many smaller partnerships.

MLPs are one of the hottest real-estate investments on Wall Street right now. Investors should proceed with caution, however, because they may contain some bad property. There is also a risk that the

U.S. government will attack MLPs. The Internal Revenue Service objects to MLP trading like corporate securities, while not being subject to corporate taxes.

Foreign investors in partic-

ular are advised to consult American tax advisers before proceeding with any real-estate investment. "You need to have someone with day-to-day expertise," Shenkman says.

— Steve Weinstein

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ADVERTISING SECTION

Regional Markets (Continued from page 13)

Henry Gallin, vice president of Edward S. Gordon, a leasing agent, predicts Brooklyn will soon be competitive with the suburbs for office space. New York's other "outer boroughs," — the Bronx, Queens and Staten Island — already are upgrading their housing stock.

Toronto As part of the North American market Toronto has attracted foreign investors. In fact, "the New York of Canada," as Davis calls it, is currently the strongest market on the continent.

president of operations for Winzen, a full-service real-estate company active in Toronto, predicts the market will pull back slightly. "Slow, steady growth," he says. "It won't go to the tremendous speed of recent years."

The Midwest The region suffered worst from America's trade deficit, but, predicts Davis, "As the industrial heartland gears up again, property values will increase."

Chicago is poised for growth. Currently overbuilt, its diversified economy and booming capital markets will eat up space within a year or two, according to Davis.

Florida South Florida is still overbuilt, and the Latin American debt crisis haunts the market. But, Davis says, "Doing business in South Florida is pretty cheap, and the economy has diversified."

Certain areas of Miami, such as Key Biscayne, Coconut Grove and Coral Gables, are in demand despite oversupply, according to John R. Allen, an executive at Preferred Homes. North Miami, on the other hand, was quickly overbuilt, he says.

Central Florida is booming, thanks to new business relocation and tourist attractions. Fred Zinn, vice president of Genelefe, a new development 70 miles inland from Tampa, says many South Florida residents are relocating to Central Florida because of urban congestion. Growth is concentrated along Interstate 4 between Daytona on the Atlantic

Ocean side, and Tampa on the Gulf of Mexico coast.

Texas Houston continues to be the nation's most extreme example of oversupply, with no end in sight. "Until present space is absorbed, it's very hard to be optimistic over the intermediate term," Davis says.

A few years ago, 17 million square feet of office space were going begging in Dallas; that's down to four million feet now. With a more diversified economy than oil-dependent Houston, Dallas will probably rebound more quickly than its rival to the south.

Claude Ballard, a senior partner at Goldman Sachs, looks fondly on the Lone Star State. "I happen to be a very big fan of Texas," he says, predicting the market will return in a few years to both cities.

Washington The nation's capital is a boomtown, Davis says, but space and height restrictions limit new development. A newly diversified economy and expanding business in the suburbs should ensure continuing returns for investors in the area as a whole, however. The hotel market is overbuilt, according to Davis.

California San Francisco's office glut continues. To the south, in Silicon Valley, 30 million square feet of high-tech industrial and office space lie idle.

But high-tech stocks began moving on Wall Street earlier this year, and Silicon Valley should rebound soon. "I'm becoming bullish on Silicon Valley," Shulman says.

In Los Angeles, Japanese investors are buying an already healthy market. Recent limit-to-growth initiatives in both Los Angeles and Orange Counties should also lighten up the office and residential market.

Amenities: The Good Life Gets Better

IN the cutthroat world of real-estate development, the all-important criterion of "location, location, location," is taking a backseat to "amenities, amenities, amenities," and nowhere is this sales hook more clearly exploited than in New York City.

Eurostyle kitchens, marble baths and even 9-foot ceilings are already giving way to such follies as in-house credit cards, ballrooms and even chauffeurs' lounges. Sublime or just plain ridiculous?

"Our residents are used to having every imaginable convenience," says Julie H. Simpson, sales director at Metropolitan Tower. "They expect the best of everything and that's just what they get."

Boasting a chic West 57th Street address, Metropolitan Tower is located between Carnegie Hall and the famous Russian Tea Room. The 30th-floor residents-only Club Metropolitan and private health club accommodate every dining and exercise need. In addition to the 24-hour concierge, valet service and temperature-controlled wine cellar, there are some truly recherché services as well. Consider the on-premises parking garage with chauffeurs' lounge, top-floor observation deck and communications center that boasts the latest IBM computers, facsimile, relex/telexcopier, stock reports and news wire services.

Just behind Metropolitan Tower stands CitySpire, New York City's tallest residential building. Designed by Helmut Jahn, it was a celebrity in its own right even before completion. "CitySpire is a prime example of the ultraluxury condominium, offering top-quality luxury finishes and a unique amenities package," says Jim Stewart, director of

marketing for the West 56th Street residence.

CitySpire's most exclusive amenity is undoubtedly the SpireCard. The personalized credit card entitles the tower's 340 residents to all the advantages of a hotel, club and charge card combined. In addition to baby-sitting, catering, exercise classes and translation, services include preferred seating at selected restaurants, priority consideration at Elizabeth Arden and even free delivery of The New York Times.

The SpireClub, CitySpire's unique duplex club, also offers a fully equipped Board Room for conferences and business meetings, a Health Club with 90-foot pool, butler-attended Lounge, Dining Room and Media Room with large-screen television, stereo and video. There's even a Billiards Room — the perfect antidote to a day of urban angst.

Another Eichner property, the Royale, boasts an ambience evocative of the great Edwardian hotels and turn-of-the-century "gilded cottages." A welcome addition to the congested East 60s, its garden court is staffed by Manhattan's newest gateman.

For the ultimate in effortless living, baby-sitting, laundering, flower delivery, chauffeur, maid and valet services are arranged through the in-house Swiss Hotel Service. But the Royale's proudest achievement is the second-floor entertaining suite and grand staircase, billed as a home away from home.

The first of three adjacent rooms is the Grand Salon. Attended by a butler, the club room features a serving bar, garden view and lovely decor by the architectural firm Voorsanger Mills. Next door, the formal Dining Room can



The sky's the limit at the Metropolitan Tower, CitySpire and Channel Club.

accommodate up to 30 guests, while the Conservatory with its grand piano serves as a ballroom/theater.

If proximity to Mayor Koch's riverside mansion sounds attractive, consider the Channel Club. Located in the Grand Square section of Manhattan, it offers such tranquil city pleasures as Carl Shurz Park, East End Avenue and even Henderson Place.

Behind its concealed balconies and tinted glass, the sleekly designed Channel Club houses New York's only on-site bed & breakfast — the 31-room Channel Inn. Totally renovated and redesigned by

Arthur M. Gensler & Associates, the Channel Inn is there to accommodate guests and friends.

The rest of the on-site service package includes a ground-level plaza, full-service bank, upscale supermarket and gourmet shop. For sheer indulgence, there's the Channel Spa health and recreation facility with its 40-foot glass-enclosed swimming pool, Nautilus weight and exercise facility, sauna and massage room. A Media Lounge and temperature-controlled wine cellar round out the offerings.

As long as the demand for housing remains high, devel-

opers will continue to lure residents with services far beyond the obligatory. Frivolous amenities can, after all, be attractive. But are they really amenities or just bargaining chips in the real-estate game? Ultimately, no matter how extraordinary the amenities package seems, it is paid for in the form of smaller units, secondary locations, inferior construction or simply higher prices. Nevertheless, in a city like New York, developers and buyers alike realize that any amenity regardless of price is well worth it.

— Philip Mazzurco, editor of Manhattan Living.

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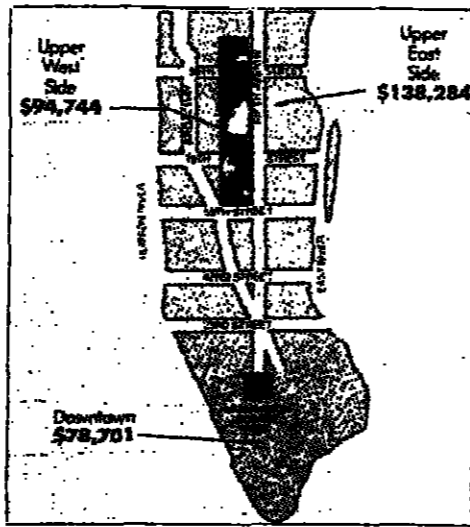
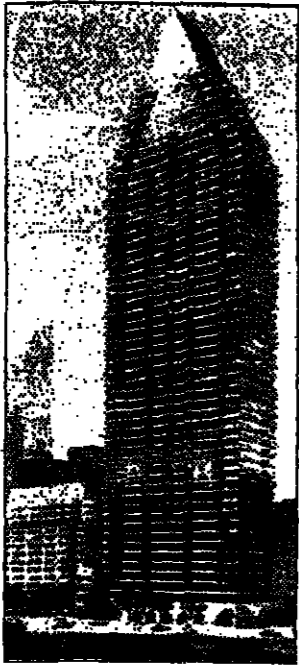
Grid of real estate listings categorized by location: USA GENERAL, USA RESIDENTIAL, USA COMMERCIAL & INDUSTRIAL, FLORIDA GULF COAST, etc. Includes listings for Merrill Lynch Realty, Spence, and various other agents across different states.

Vertical real estate advertisements on the right margin, including 'And Now F...', 'FLORIDA, PALM BEACH', 'ST. THOMAS ISLANDS', and 'JUST 1 HOUR FROM MIDTOWN M...'. Includes various property listings and contact information.

ADVERTISING SECTION

ADVERTISING SECTION

And Now Featuring: The Loftment



Average per room condo prices from Upper East Side to downtown Washington Square (above). The distinctive lines of 100 United Nations Plaza (far left), Horizon's high-rise off First Avenue (left), and Trump Parc with its commanding view of Central Park (top), represent the summit of style.

If a movie critic were reviewing the Manhattan residential real-estate market for the first half of 1987, he'd probably give it thumbs up.

Despite higher prices, the number of units sold is up over the same period in '86. The one-year adjustable-rate mortgage was the preferred method of financing residences.

In the luxury co-op/condominium marketplace, prices throughout Manhattan rose 11 percent in the January-to-June period to an average of \$109,365 per room, according to The Corcoran Group, a New York City realtor. This figure is based on a survey of 412 sales made by the firm during that period. Just 10 years ago, the per-room average stood at \$18,000.

As usual, location played a major role in determining

how much an apartment could fetch. Between April and June of this year, the Halstead Property Company, another Manhattan realtor, found units within the boundaries of Second Avenue and East End Avenue and 79th and 96th Street, with a per-room average of \$66,653. Condos and co-ops along Fifth Avenue running between 59th and 96th Streets overlooking Central Park had the highest average, at \$313,720 a room.

As noted by the Corcoran survey, Manhattan's most expensive residential district ran from 641 to 965 Fifth Avenue, where three-bedroom units averaged \$2.14 million, breaking the \$2 million average price barrier for the first time.

While Corcoran found 29 percent of its sales in the first half of '87 to involve no financing whatsoever — up

from 17 percent in '86 — a survey done of 10 leading city lenders by Manhattan Mortgage, a licensed mortgage broker, found that 92.2 percent of the co-op/condo buyers during the month of June favored adjustable-rate mortgages (ARMs). Within that group, 65 percent chose a one-year ARM. Only 5.3 percent of the borrowers wanted a 15-year fixed rate and 2 percent a fixed rate of three years.

ARMs are popular because "they're being discounted so much in the first couple of years," said Ellen Feldschreiber, a principal with Manhattan Mortgage. Add the New Yorker's tendency to move every four years or so, and the ARM works out cheaper than a fixed rate (held only four years), even if the ARM rises by its 2 percent

annual maximum all the way up to its cap, she noted.

Foreigners continued to play a role, accounting for about 2 percent of the sales for '87 according to the Corcoran survey. While this is down from 6 percent in '86, when overseas clients did buy, it was often in a big way. At Trump Parc, where a little over 50 percent of the condos have been sold to foreigners, a Japanese CEO combined seven three-bedroom units earlier this year to create a \$22 million apartment, according to Blanche Sprague, executive vice president of the Trump Organization.

Corcoran also found buyers during the first half of the year spending five months actively looking at 22 apartments before signing on the dotted line. That's up from '86, when

they spent only three months going through 18 apartments before purchasing.

"There's a lot of reasons why buyers are taking a longer time to decide," said Mary Rich Adams, senior vice president of ULI Realty, which specializes in buildings for investment. Rental apartments continue to be converted to condos and co-ops, and new buildings, mostly luxury apartments, are springing up everywhere. "There's a lot of product out there," she added.

Since 1984, some 20,000 new units have opened or are due to open. This spurt was caused by developers taking advantage of tax breaks under Rule 421A. To qualify, ground had to be broken before November 1985.

Some thought a condo glut would result from all the development, but so far it hasn't materialized. In the first half of '87, 3,373 condos (both new and resale) were sold, up 819 units from 2,554 in the same period last year, reported Bartlett Associates, a Soho realtor specializing in condos. Sales directors of new buildings also report strong sales.

Strong sales haven't been confined to just one area of Manhattan. Unlike in previous building booms, high-rises are going up all over the city. Since 1981, 10 new luxury condominium towers, containing over 1,900 apartments, have been started on the Upper West Side on Broadway between 67th and 97th Streets.

One example is The Copley at 68th and Broadway, where the condos range in price from \$333,000 to \$1.3 million. Since sales opened in April of last year, 92 percent of the 162 units have been sold, said sales director Darlene Krimez.

The Bromley at Broadway and 83rd Street has enjoyed a similar success. Amenities such as a 20,000-square-foot health club have helped sell 94 percent of the 306 condos in just 16 months at prices ranging from \$150,000 to \$1.2 million, said Bob Ladapo, the project's sales director.

On Central Park South, where a new residential building hadn't been seen in decades, Trump Parc is nearing completion. A renovation of the former Barbizon Plaza Hotel, the entire inside has been redone, with the shell retained because "the outside was so gorgeous," said Blanche Sprague. Prices range from \$170,000 for a studio to \$4 million for three-bedroom units. After just six months, the building is already 90 percent sold without even a model apartment being opened, she added.

Another possibility on Central Park South is the Essex House. Since 1974, 160 of its hotel rooms have been converted to condos. These units are also sometimes rented by their owners, mostly corporations, for much less than current rates from the hotel itself.

A new neighborhood, being called Murray Hill East by some, is developing along First Avenue and the East 30s. The huge 853-unit Corinthian on First and 38th has been 50 percent sold in just seven months. Foreign buyers are attracted to the 57-story building, the Corinthian's Ned Steele explained, because of its proximity to the Midtown Tunnel leading into Queens. Prices run from \$198,000 to \$665,000.

Just across First Avenue on 37th Street is the Glick Organization's Horizon, where 40 percent of the 411 luxury condos have been snapped up since sales began last spring. Studios begin at \$198,999 while three-bedrooms command \$695,000 and up.

Farther downtown at 240 Centre Street is The Police Building, former police headquarters built in 1909, at the intersection of Little Italy, Soho and Chinatown, an area that hasn't seen new residences in years. Priced from \$380,000 to \$1.47 million, 10 of the 55 luxury co-ops have already been sold since the sales office opened in late spring.

Where once there was nothing but a landfill on Manhattan's southern tip, Battery Park City now boasts movie houses, restaurants, shops and a number of new condominium buildings, such as Liberty Court, taking shape. Located at 200 Recker Place in the shadow of the World Trade Center, the residence is attracting "a fair number of Orientals and some Europeans," said Liberty's sales manager Joe Remmes. Open since May, the condo is on its way to selling out, as are nearby Liberty House and Liberty Terrace, all three built by the same developer. Over 40 percent of Liberty Court's 549 units are spoken for at prices from \$135,000 to \$900,000.

Other loftments include L.M. Dalton's 84-unit Dalton on Greenwich, located at 303 Greenwich Street, and One Bond Street in NoHo, going up between Broadway and Lafayette Street.

Today they sell for \$500,000 to \$700,000. A survey by the Corcoran Group's downtown office found some apartments in excess of 3,500 square feet going for \$1 million or more.

Because lofts now attract the kind of buyers who used to look uptown for space, hybrid apartments known as "loftments" are being developed. These units have the amenities of an uptown condominium, such as a doorman, combined with the space of a loft. "They open the market," said Tony Zarrino, a partner with Zuberly Associates, now in the process of developing the Petersfield. This eight-story renovated loft building, located at 4th Avenue and 12th Street, has 70 units priced from \$242,000 to \$555,000.

Other loftments include L.M. Dalton's 84-unit Dalton on Greenwich, located at 303 Greenwich Street, and One Bond Street in NoHo, going up between Broadway and Lafayette Street.

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WALL STREET WATCH

Individual Investors Turn Cautious as Market Eases

By VARTANIG G. VARTAN

NEW YORK — How are individual investors coping these days with a bull market that seems to be gasping for its second wind? "Some of our retail customers are gun-shy and shocked by the sharpness of the recent decline," said John E. Joyce, manager of Merrill Lynch's Beacon Hill office in Boston.

"People are confused and intimidated — that's the precise word — by wide daily swings in the market averages," said John Till, who manages a Fort Lauderdale, Florida, office for Shearson Lehman Brothers.

Brokers say they perceive a heightened sense of caution.

Tuesday's session offered an example of just how wide and unimpressive a swing in prices can be. The Dow Jones industrial average was down by 62 points at one time, before an afternoon rally trimmed the session's loss to 16.26 points, at 2,545.12.

Interviews with branch office managers of brokerage firms around the country indicate a heightened sense of caution among individual investors, many of whom are trying to preserve profits produced by the five-year-old bull market.

"For the last 30 days, people have pretty much stood still — not buying or selling stocks," said Jerry Gettings, who heads the Prudential-Bache Securities office in Beverly Hills, California.

"But if the Dow were to fall 200 points from here, they would get concerned," he said of his office's clients, many of whom are in the entertainment industry.

In addition to displaying a generally cautious mood, investors are described as hunting for higher-yielding securities, because many blue chips have climbed so high in price that they offer low dividend returns.

"We are seeing greater demand for electric utility issues, where yields have moved up," said Gary D. Hirata, office manager in Seattle for Smith Barney, Harris Upham & Co.

AT SMITH BARNEY'S office in Orlando, Florida, Patrick J. Bufla has also detected demand for utility issues, including Cincinnati Gas & Electric, Dayton Power & Light, American Electric Power and Southern Co.

The average investor's attraction to utilities contrasts with the taste of many of the Wall Street professionals who manage hundreds of millions of dollars for institutional clients. These money managers, generally shy away from sectors that benefit from disinflation and low interest rates, are more likely to buy cyclical stocks and capital goods producers.

"Our typical clients are retired people, and they are growing increasingly worried over the rise in inflation," Mr. Bufla said. "Preservation of capital is a main concern and, accordingly, we have seen some buying in gold stocks and precious-metal mutual funds."

With tax-free yields now about 8 percent, municipal bonds also are attracting individual investors, according to Maxine G. Crowley, who manages Smith Barney's office in Bartlesville, Oklahoma.

Other branch office managers report that local stocks — especially the banks — have proved both popular and timely investments.

At First City, Dual Hopes of Redemption

Rescue Is Epilogue to Hasty Loans

By Thomas C. Hayes

DALLAS — The collapse of First City Bancorp of Texas resulted largely from management's reluctance to face facts on bad energy and real estate loans, analysts say.

The Federal Deposit Insurance Corp. pledged nearly \$1 billion Wednesday to rescue the state's fourth-largest bank company, which is reeling from losses. The FDIC will take a 15 percent interest in First City and give a controlling interest to an investors group headed by A. Robert Abboud, a former banking executive.

During the oil boom of the early 1980s, the big ambition at First City was to be the leading energy lender in the Southwest. Unfortunately, it came close to achieving that goal.

The bank's aggressive lending in the oil patch, most notably to oil-field service companies, resulted in the most rapid decline among Texas's six major bank holding companies when oil prices collapsed in early 1986.

"They were always very late in realizing what was going on around them," said Michael A. Hodwick, a banking analyst with E.F. Hutton & Co. in New York. "They seemed to deny their problems for a while," he said, even after other Texas banks had acknowledged them.

The collapse of First City has been held up as a cautionary tale by its senior chairman and chief executive, Mr. Elkins, 68, who worked in the bank since his graduation from Princeton University in 1941, and has been the bank's holding company's only chief executive since it was created in 1971.

Mr. Elkins' family stake in First City amounted to nearly 3 percent of the company's 34 million shares. His stock had plunged in value to about \$1.5 million, from \$38 million at its peak share price of \$41.25 in 1981. The stock fell to \$1 Thursday on the New York Stock Exchange, down 62.5 cents, after falling 25 cents Wednesday.

In 1956, his father, Judge James A. Elkins Jr., then a powerful figure in Houston politics and business, did not follow other leading



A. Robert Abboud, who was ousted from First Chicago Corp. for his unpopular views, plans to 'go on the offensive' in running First City Bancorp.

Abboud: The Conservative Maverick

By Robert A. Bennett

NEW YORK — A. Robert Abboud, whose career as a banker and financier has been long and stormy, is getting another chance to prove himself as he takes over First City Bancorp, of Texas.

Despite the continuing severe recession in Texas, Mr. Abboud said Wednesday in a telephone interview, he plans to turn First City into an aggressive lender to a variety of local businesses, including high-technology, agriculture and even energy companies. First City owns 62 banks across the state.

"This area has been buffeted by the energy fallout," he said, "but the question is, 'Do you sit

The aggressive lending now touted by the brusque financier is a bit out of character. He fought the policy in the 1970s, and time proved him right.

down and wring your hands or do you get out there and do the job of reviving the local economy?" "We're ready to go on the offensive on day one," he said.

To an extent, the aggressive lending strategy touted by 58-year-old Mr. Abboud is a bit out of character. Despite his reputation as a maverick banker, he is also known as a conservative one. In the late 1970s, for example, when Mr. Abboud was chairman and chief executive of First Chicago Corp., he did not follow other leading

AT&T Spin-Offs Win Leeway on Computer Data

Compiled by Our Staff From Dispatches

WASHINGTON — A federal judge refused Thursday to lift restrictions that prevent regional telephone companies split off from American Telephone & Telegraph Co. from making telephone equipment and providing long-distance service. But he did open the door for the "Baby Bells" to transmit computerized information services.

The ruling to permit transmission of information services was viewed as a major victory for the seven Baby Bells.

U.S. District Judge Harold H. Greene ruled that the regional companies could transmit computerized services, such as message storing and alarm monitoring, but he barred them from generating the content of the messages.

The judge, who presided over the 1984 divestiture of AT&T, also said he would allow the phone companies to enter any business outside of telecommunications without obtaining the court's prior approval.

In refusing to lift other restrictions, Judge Greene asserted that the Bell companies, spun off through an antitrust decree, continue to have monopoly control of their local phone networks.

Customers have few alternatives for bypassing the Bells' switches and circuits, he said. "No significant changes have occurred" that "would justify a radical change in the decree," he wrote.

In approving limited authority for the Baby Bells to offer information services, Judge Greene removed a provision that limited their net revenue from nontelephone subsidiaries to 10 percent of total revenue.

This is very positive for the Bell regionals," said Joel Gross, an industry analyst at Donaldson Lufkin and Jenrette. "A lot of these businesses create message volume" that will boost revenue and profit.

ATT had sought to prevent the Bell companies from entering its core businesses, namely long distance service and equipment manufacturing. It applauded the judge's decision, saying it would ensure industry stability.

When the Bell system was broken up in 1984, the regional Bell telephone companies were barred from offering long distance phone services, manufacturing and information services. ATT was barred from local phone service.

The Bells have argued that they were being unfairly restrained in a growing industry.

The judge, however, dismissed their arguments. "Had it not been for the drum-beat of a wide-ranging public relations campaign," he said, "no one would have seriously entertained the proposition that a solution arrived at after a 30-year struggle should be jettisoned in substantial part after a mere three years."

Analysts had said it would be highly unlikely that the Bell companies would win a waiver to enter long-distance service. "It would have been resurrecting the old Bell system type of business," said Victor Krueger, an analyst at Dataquest.

Judge Greene said his decision to allow the regional companies to transmit but not generate the content of information services would protect against possible anticompetitive behavior by the Bells.

At the same time, he said, the ruling makes way for "the revolutionary changes that are possible if information can be made available to vast numbers of consumers."

The Justice Department had recommended to Judge Greene that the Bell companies be allowed to manufacture telephone equipment and provide information services. (AP, Reuters)

Currency Rates

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Australian, British, Canadian, etc.

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OPEC Panel Concludes Cartel Exceeding Ceiling

VIENNA — Five OPEC ministers meeting here have accepted that the group is exceeding its 16.6 million barrel a day output ceiling and will shortly tour all member states to make sure quotas are adhered to, an OPEC spokesman, James Audu, said.

He was speaking after a meeting of the quota compliance committee and the price monitoring panel, which groups Nigeria, Saudi Arabia, Indonesia, Venezuela and Algeria.

Mr. Audu said the compliance committee, Nigeria, Indonesia and Venezuela — was to visit all member states to try to get production quotas adhered to.

Mr. Audu also said the committee, which has been meeting jointly, would finish their work Friday and issue a communiqué.

"The meeting has reviewed the market situation and has accepted that there is some overproduction in the market and it has discussed ways of stemming this because it pressures" the OPEC price structure.

In another development, Iran said Thursday that it could continue to cooperate with Saudi Arabia within OPEC to buy oil prices, clarifying its position for the first time since July's Mecca riots soured relations.

Growing oil stocks have led oil companies to cut their posted prices. Exxon Corp. and Chevron Corp. joined other major oil companies Thursday in reducing their

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Estimate on Capital Spending In U.S. Is Revised Downward

WASHINGTON — U.S. businesses plan to increase capital spending by 1.4 percent this year, just half the increase estimated three months ago, the government reported on Thursday.

The new Commerce Department estimate, adjusted for inflation, was down from a projected 2.8 percent increase made in June. The estimate was based on a survey of businesses conducted in July and August.

Economists view capital spending, which covers a range of industrial equipment and buildings, as a sign of what businesses expect future sales will be. In 1986, spending in the United States declined 2.6 percent from 1985's level.

The Commerce Department said the downward revision was concentrated in the nonmanufacturing industries. Manufacturers plan to boost spending more than estimated previously, it said.

The department estimated that capital spending would rise to \$387.91 billion this year. The estimate, in 1982 dollars, was the department's fourth projection of 1987 spending.

Manufacturing industries were expected to increase spending in 1987 by 1.4 percent, the survey showed. That included a planned 2.0 percent increase in spending by durable goods industries and a 0.9 percent rise by nondurable industries. Durable goods are those items, such as automobiles, that are expected to last three years or more.

Among manufacturing industries, the largest planned spending increases were in blast furnaces and steel works. Declines were expected in motor vehicles, aircraft and non-electrical machinery.

Nonmanufacturing industries were expected to increase spending in 1987 by 1.5 percent from 1986.

CURRENCY MARKETS

Dollar Firms a Bit Before Trade Data

NEW YORK — The dollar was mostly higher Thursday in relative quiet trading as market participants anxiously awaited the government's report Friday on the U.S. trade deficit in July.

London Dollar Rates table with columns for Country, Bid, Ask, and Spread.

The dollar strengthened Wednesday on rumors that the July trade imbalance would not be as bad as previously expected.

M-1 Fell \$2.2 Billion In Last Reporting Week

NEW YORK — M-1, the narrowest measure of the U.S. money supply, fell \$2.2 billion to a seasonally adjusted \$750.7 billion in the week ending Aug. 31, the Federal Reserve reported Thursday.

Group of 5 To Hold Talks On Sept. 25

WASHINGTON — The leading industrial countries are to hold high-level talks on international monetary issues this month, a source said Thursday.

Wojnilower Expects Further Increase in U.S. Interest Rates

NEW YORK — First Boston Corp.'s managing director, Albert Wojnilower, said Thursday that U.S. interest rates were likely to rise further.

CITY: In Texas Bailout, Bank and New Boss Get Chance to Prove Themselves

(Continued from first finance page) ness, merged his City National Bank with the First National Bank in Houston to form First City.

Lack of management depth was a major reason for First City's inability to recover, an official said.

They said that the bank's capital base, which includes equity and loan loss reserves, was expected to drop below the regulatory minimum of 5.5 percent.

ABBOD: Again a Maverick, He Plans Active Lending

(Continued from first finance page) Since he left Occidental, Mr. Abboud has been running his own investment company in a suburb of Chicago.

In 1975, he riled New York bankers when he urged Congress not to approve a bailout for New York City.

First City. In addition to the \$1.5 billion being put into the banking company by the FDIC and the securities firm Donaldson, Lufkin & Jenrette, Mr. Abboud and a group of partners whom he declined to identify are investing about \$500 million in First City. The group intends to raise the money through stock sales.

Wojnilower Expects Further Increase in U.S. Interest Rates

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ing at the time of the Plaza agreement in September 1985 when major nations decided to push for a weaker dollar.

gains would threaten to overstretch our productive capacity, especially if accompanied by a revival of domestic auto output from recent depressed levels.

He said the new emphasis that the monetary authorities are placing on dollar stability was effectively preventing interest rates from falling.

Thursday's OTC Prices

Large table of OTC prices with columns for Stock Name, Div. Yld., Sales, High, Low, 3 P.M. Close, and Net.

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Swiss Inflation Rate at 2%

BERN — Switzerland's annual inflation rate rose to 2 percent in August from 1.8 percent in July, the highest since January 1986, the government said Thursday.

Drought, Flooding Threaten Asian Rice Production

MANILA — The worst drought in decades, coupled with serious floods in some regions, threatens major rice-growing countries in Asia, the Manila-based International Rice Research Institute said Thursday in a report.

Italy's Trade Balance Moves Into Surplus

ROME — Italy posted a trade surplus of 820 billion lire (\$626.5 million) in July after a deficit of 2.2 trillion lire in June, the national statistics institute, ISTAT, said Thursday.

Pressing's Sales Rose 31% in 2d Quarter From First

MANCHESTER, West Germany — Pressing AG, a major minerals producer, said world group sales rose 31 percent in the second quarter.

Sun Seeking U.S. Agreement

TORONTO — Toronto Sun Publishing Corp. said Thursday it had agreed to sell the Toronto Sun to Media News Group of Dallas for \$150 million.

Why we should be interested in the new electronic money

Why we should be interested in the new electronic money... The new electronic money is a major step in the evolution of money.

Inc.

Inc. ... The company is looking for a new market for its products.

Why we should be interested in the new electronic money

Why we should be interested in the new electronic money... The new electronic money is a major step in the evolution of money.

Various small advertisements on the right margin, including 'Business Roundup', 'Sun Seeking U.S. Agreement', and 'Why we should be interested in the new electronic money'.

Handwritten text at the bottom left corner: 'مكتبة القرآن'

BUSINESS ROUNDUP

TRI Seeking Fermenta Assets

In late August, TRI abandoned a bid for Fermenta after some Swedish banks with loans to Fermenta objected to TRI's proposals for paying off the loans. TRI had bid about 1.36 billion kronor (\$212 million)...

Digital's New Computers Considered a Further Threat to IBM Dominance

Compiled by Our Staff From Dispatches BOSTON — Digital Equipment Corp.'s introduction of several aggressively priced low-end computers may spell more trouble for International Business Machines Corp. Digital introduced on Wednesday two powerful new members of its popular Microvax computer line...

Rolls-Royce Says Profit Rose in Half

The Associated Press LONDON — Rolls-Royce PLC, the airplane engine maker that Britain's Conservative government sold off earlier this year, said Thursday that pretax profit rose 13 percent in the first half of 1987 from a year earlier...

Company Results

Table with columns for Australia, P & O, United States, and various companies like Woolworths, BICC, Blue Circle, etc., showing revenue and profit data.

LONGINES advertisement featuring a watch image and text: 'Conquest VHP in titanium and gold', 'Elisio Santos Joalheiros', 'World Trade Center', 'Av. da Bravaria, 1268 - Loja 001', 'P-4100 Porto Portugal'.

Chief, Ex-Aides Of Toshiba Unit Concede Guilt

OKYO — The president and two former executives of Toshiba Machine Co. admitted Thursday that they broke Japanese laws on strategic exports on the first day of their trial, court officials said.

Agnelli Unit Acquires 4% Of French Food Firm BSN

PARIS — IFIL, a holding company of the Agnelli group, is taking a stake of just over 4 percent in the French food group BSN, Antoine Riboud, the chairman of BSN, said Thursday.

Toronto Sun Agrees to Sell Houston Post

Compiled by Our Staff From Dispatches TORONTO — Toronto Sun Publishing Corp. said Thursday that it had agreed to sell The Houston Post to Media News Group Inc. of Dallas for \$150 million in cash.

FINANCIAL NEWS FROM B.A.T INDUSTRIES

B.A.T INDUSTRIES advertisement with large text: 'BAT INDUSTRIES... RECORD FIRST HALF... PRE-TAX PROFIT +26%', 'SIX MONTHS RESULTS', 'PRE-TAX PROFIT £699M', 'EARNINGS PER SHARE 28.21p', 'INTERIM DIVIDEND 6.50p', and 'B.A.T INDUSTRIES FINANCIAL SERVICES • RETAILING • PAPER • TOBACCO'.

Preussag's Sales Rose 31% in 2d Quarter From First

HANOVER, West Germany — Preussag AG, a major minerals producer, said world group sales rose 31 percent in the second quarter to 2.1 billion Deutsche marks (\$1.17 billion) in the second quarter from 1.6 billion DM in the first three months of 1987.

Volvo to Expand U.S. Truck Plant

STOCKHOLM — Volvo GM Heavy Truck Inc., AB Volvo's 76 percent-owned American subsidiary, is to spend \$100 million to expand capacity and develop products in the United States, Volvo said Thursday.

Surprises Ahead for Recent Sellers of Computer Stocks

Why were Bolt Beranek and Interglyph off up during a weak-go session when the Dow Jones Industrial last 38 points? Indigo reports have been describing a burning of ideas in which recently popular like chips with heavy index weighting will be spending more money on emerging technologies to maintain market share and profitability.

Chemical Bank Home Loans advertisement: 'Special Terms for UK Mortgages', '* 100% mortgages for expatriates', '* highly competitive rates', 'Phone our mortgage consultants on 01-380 5019/5214'.

Indigo advertisement: 'Net Asset Value on September 3, 1987', 'Pacific Selection Fund N.V. U.S.\$0.64 per U.S.\$1 unit.', 'Pacific Selection Fund N.V.', 'Indigo is not a licensed broker.'

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Drought, Flood Threaten Asian Rice Production

Vertical text on the far left edge of the page, partially cut off.

SPORTS

مكتبة من الصحف

Home Free in the NFC: Talent, Schedule Favor Rams as Season Begins

By Bob Oates
Los Angeles Times Service
LOS ANGELES — Once the other National Football League teams...

NFL PREVIEW

...winning the most regular season games. In particular, they...

THE COLOR OF PRO FOOTBALL

By E. P. Dutton, 2 Park Avenue, New York 10017
Rutan Moore made his name as...

...one of the best first-round picks...

...the last seven NFC champions...

...the Los Angeles Rams are the...

...the NFL's most difficult schedule...

...Dallas Cowboys. A year ago...

...New Orleans Saints. If this team...

...the NFL's top 10, in order:

...Los Angeles Rams. A typical...

...Chicago Bears also have a winnable...

...the NFL's finest have won Super...

...Washington Redskins. They may...

...Detroit Lions. They may have...

...Pittsburgh Steelers. They may...

...San Francisco 49ers. They may...

...Dallas Cowboys. They may have...

...New York Giants. They may have...

...Philadelphia Eagles. They may...

...Minnesota Vikings. They may...

...Green Bay Packers. They may...

...Atlanta Falcons. They may have...

...New England Patriots. They may...

...Cleveland Browns. They may...

...Houston Oilers. They may have...

...San Diego Chargers. They may...



John McEnroe had much to ponder during his 6-3, 6-3, 6-4 loss to Ivan Lendl in the quarterfinals of the U.S. Open.

Lendl Serves Eviction on McEnroe

By Peter Allano
New York Times Service

NEW YORK — There was an air of expectation, the kind of excitement that usually precedes a Grand Slam tennis final...

But it has been a few years since the sight of McEnroe standing on the other side of the net would make Ivan Lendl crumble like a stale cookie...

He played probably his best match of the year Wednesday night, overpowering a determined McEnroe, 6-3, 6-3, 6-4...

[Stefan Edberg of Sweden, the men's No. 2 seed, beat Ramesh Krishnan of India, 6-2, 6-2, 6-2...

[Edberg will play either Mats Wilander of Sweden, the No. 3 seed, or last year's runner-up, No. 5 seeded Miloslav Mecir of Czechoslovakia...



Lendl won his 19th straight U.S. Open match, a streak that began against McEnroe in the final of the 1985 tournament.

The other semifinal pits Lendl against the sixth-seeded Connors...

Lendl won on the strength of an overpowering serve that did not result in many aces but was too hard and well placed for McEnroe to handle...

"I wanted to do the best I could, but he didn't let me," McEnroe said. "That's why he's No. 1. He's dedicated to the game and that makes him a tremendous player."

Lendl, of course, is from Czechoslovakia, but has been living in Greenwich, Connecticut, since 1981 and has applied for U.S. citizenship...

He might never enjoy the popularity that Connors has, or the notoriety that has made McEnroe the sport's biggest drawing card...

"Under the circumstances, with everyone expecting fireworks and having to play at night, I played well," he said.

"It's hard to play McEnroe any time and any place, especially in the quarterfinals. You don't want to get too excited."

McEnroe began strongly, holding his serve early in the first set. He even ran down what appeared to be a volley winner by Lendl in the fourth game...

Earlier, Connors reached the U.S. Open semifinals for the 13th time in 18 years by beating Gilbert, 4-6, 6-3, 6-4, 6-0. Thus, the 35-year-old Connors continued a remarkable year in which he has reached the quarterfinals at the French Open and the semis at Wimbledon...

"I think he got tired a bit in the third set," Connors said of Gilbert, who became increasingly frustrated as the match wore on...

Connors said he was pleased with his performance in the first set, but not satisfied. "Satisfying would be to get over the semifinal hump," he said.

Managers 9, Indians 4: In Cleveland, Scott Bradley's two-run single capped a four-run seventh that gave Seattle a sweep of the three-game series.

Tigers Sweep Orioles, Regain Lead as Blue Jays Lose

Compiled by Our Staff From Dispatches

BALTIMORE — Doyle Alexander pitched a six-inning Wednesday night to give the Detroit Tigers a 6-0 triumph over the Baltimore Orioles...

"I was happy with tonight," said the Orioles' manager, Cal Ripken Sr. "We gave up 13 and got four."

In the opener, his starting pitcher, Ken Dixon, threw only 19 pitches and failed to retire a batter as the Tigers jumped to a 4-0 lead.

Dixon said his arm is sound, but if it is fine he ought to be throwing better than he was, Ripken said.

The Tigers' Walt Terrell scattered six hits over six innings before allowing three singles and a triumph. The sweep moved Detroit 1 1/2 games in front of the Toronto Blue Jays...

Herndon's sacrifice fly got another run home and Lou Whitaker hit a two-run homer as the Tigers batted around for the fourth time in 22 innings against Baltimore.

Brewers 6, Blue Jays 4: In Milwaukee, Rob Deer doubled in the tying run in the seventh and rookie B.J. Surhoff hit a two-run single on the next pitch to cap a four-run inning against Toronto...

Red Sox 5, Yankees 3: In Boston, Jim Rice and Todd Benzinger homered on consecutive pitches in the fourth inning and Roger Clemens pitched a six-hitter against New York...

BASEBALL ROUNDUP

...to four batters in a two-run seventh and departing. He is now 2-8 on the road, where he had lost his four previous decisions.

"It helps to get a 4-0 lead," he said, "but I'm done talking about the road record. It's been overplayed. I got the win, that's it in a nutshell."

Then Alexander, in the next game, twice stranded runners at third base before the Tigers scored five runs in the fourth inning off Mike Boddicker...

The Mets struck with electrifying suddenness. In the first five innings, they managed only one hit against Shane Bieber...

Strawbery, with his two homers and a double in three consecutive innings, ran his season total of extra-base hits to 62, breaking Tommie Agee's club record of 61.

Howard Johnson scored second base in the sixth and the seventh innings, raising his stolen base total to 29 and putting him one away from becoming the eighth player in major league history to get 30 homers and 30 steals the same year.

Expos 8, Cardinals 3: In Montreal, Vance Law's two-run homer and pinch-hitter Dave Engle's two-run double beat St. Louis. The Expos' fifth straight victory, and their 10th in 14 games against the Cardinals this year, put them two games out of first.

Reds 4, Dodgers 1: In Cincinnati, Tom Browning pitched a two-hitter and Barry Larkin drove in two runs against Los Angeles.

Browning was perfect until Mike Devereaux doubled down the right field line leading off the sixth. After he scored on Browning's wild pitch-off throw, Steve Sax doubled for the Dodgers' only other hit...

Braves 3, Padres 3: In Chicago, relief pitcher Jeff Robinson hit a two-out, ninth-inning homer, his first in the majors, for Pittsburgh.

Braves 3, Padres 2: In Atlanta, David Palmer hit San Diego to four hits for 6 1/2 innings and Ozzie Virgil drove in the go-ahead run with a sacrifice fly during the Braves' three-run sixth.

Giants' manager, Roger Craig, whose team lost two of three in Houston, said, "We're just going to take a day off and start again in Cincinnati. I know that we're not going to face the kind of pinching there that we did here."

The Giants and third-place Reds begin a three-game series Friday.

SPORTS BRIEFS

Canada Gains Hockey Tourney Final

MONTREAL (WP) — Canada, two goals behind at midgame, scored three times in 2 minutes, 25 seconds Wednesday night and beat Czechoslovakia, 5-3, in the Canada Cup hockey tournament semifinals.

Mario Lemieux scored twice for Canada, which will play the Soviet Union in the best-of-three final that is to begin Friday in Montreal.

One of the skating wounded, Dale Hawerchuk, scored the goal that woke the Canadians. He put a spinning shot past the glove of Dominik Hasek at 10:43 of the second period as the goalie, who had 13 first-period saves, was scooped by defenseman Benoit Sweeney.

The Canadians not only pounded the Czech defensemen, they roughed up Hasek. The low point came when Claude Lemieux, skating behind the play, punched Hasek in the face. The goalie took an exaggerated dive, the trainer rushed out with smelling salts and the spectators booed. It was hard to decide whether they were unhappy with Hasek's acting or the sorry act of Lemieux, who plays for Montreal in the National Hockey League.

America's Cup Given Court Go-Ahead

NEW YORK (NYT) — A New York State Supreme Court justice lifted Wednesday a temporary restraining order that had prevented the San Diego Yacht Club from going ahead with plans for holding the next America's Cup regatta. She also said she would rule as soon as possible on a New Zealand banker's request that the court force San Diego to accept his challenge for a cup race next summer.

Justice C. Beauchamp Ciparick of the State Supreme Court in Manhattan asked both sides to file papers by Sept. 18 in the case. Michael Fay of Auckland, New Zealand, has asked the court, which is the trustee for the deed of gift that governs racing for the America's Cup, for a strict interpretation of the deed that would allow his challenge next summer in boats with a 90-foot (27.3-meter) waterline length, twice the size of 12-meter yachts in which the cup races have sailed since 1958.

Justice Ciparick's decision allows San Diego to respond to 19 challenges for the America's Cup, from nine nations, for a regatta to be held in 12-meters in 1990 or 1991. San Diego has asked the court to amend the deed of gift to conform with modern America's Cup practices.

Transition

DETROIT — Former NFL player-coach of the Detroit Lions, Bill Belichick, has been named head coach of the New England Patriots.

ST. LOUIS — Rick Worsley and Darrell Morv, quarterbacks, agreed to multiyear contracts with the St. Louis Cardinals.

U.S. TEAM — Released Todd Beahm and Jeff Brummey, defensive ends, and Paul Rasmussen, tight end, from the U.S. national football team.

GREEN BAY — Released James Davis, safety, and Dean Altrick, offensive lineman, from the Green Bay Packers.

PITTSBURGH — Traded Harvey Clayton, cornerback, to Detroit for an undrafted draft choice, and traded Steve Bock, defensive end, to the Pittsburgh Steelers.

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SCOREBOARD

Baseball

Wednesday Line Scores
AMERICAN LEAGUE
Texas 8, Oakland 3
New York 7, Toronto 4

Major League Standings
AMERICAN LEAGUE
East Division
Detroit 81, Toronto 76

NATIONAL LEAGUE
East Division
St. Louis 78, Cincinnati 75

Hockey

Canada Cup
Canada 5, Czechoslovakia 3

Tennis

U.S. Open Results
MEN
Quarterfinals
Jimmy Connors (4), U.S., def. Brad Gilbert (12), U.S., 6-4, 6-4, 6-4, 6-4.

WOMEN
Quarterfinals
Andreja Krizan, Ecuador and Shalby D. Williams (4), Yugoslavia, def. Martina Navratilova (1), U.S., 6-4, 6-4, 6-4, 6-4.

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European Soccer

INTERNATIONAL FRIENDLY
Scotland 2, Hungary 0

U.S. OPEN TENNIS

OFFICIAL TIMER SEIKO

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